





HYDRO ELECTRIC ENQUIRY COMMISSION

INSURANCE DEPARTMENT

TORONTO, MARCH 9TH, 1923.

W. C. Coo, Official Reporter



HYDRO ELECTRIC INQUIRY COMMISSION

PARLIANCH BUILDINGS, TORONTO, THURSDAY, MARCH 9th, 1923.

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THE HYDRO-ELECTRIC INQUIRY COMMISSION.

TORONTO, MARCH 9TH, 1923.

Present:

W.D.GREGORY, ESQ., CHAIRMAN.
M.J.HANEY, ESQ., COMMISSIONER.
LLOYD HARRIS, ESQ., COMMISSIONER.
J.A.ROSS, ESQ., COMMISSIONER.
R.A.ROSS, ESQ., COMMISSIONER.

J.H.W.BOWER, ESQ., SECRUTARY.

I.B.LUCAS, ESQ., K.C., Representing Hydro-Electric Commission.

- INSURANCE DEPARTMENT -

W. D. BONTHRON.

TO THE CHAIRMAN:

- Q. You are a member of the firm of Price, Waterhouse and Company, auditors for the Commission? A. Yes.
- Q. I understand that you have been examining the Insurance
 Department of the Hydro-Electric Power Commission of
 Ontario? A. Yes, Sir.
- Q. Can you tell us of the origin of this Department and its work and anything bearing upon it that you think should be brought to our attention? A. As I understand it the Department was commenced under the supervision of Mr.Littlejohn about the time when the operation of the Central Ontario System was undertaken by Hydro.
- Q. That would be 1916? A. I presume it was about that time, or shortly following. Mr.Littlejohn has had charge

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the Department and of the placing of all insurance for the Power Commission. The Commission, of course carried some of its own insurance; the Workmen's Compensation Insurance.

Q. Has it carried any of its fire insurance or liability insurance? A. No, sir, I think not, I think the Workmen's Compensation is the only thing.

Q. What about Central Ontario? A. I think all the properties are in the same position as far as that is concerned.

MR. LITTLEJOHN: Central Ontario Fire insurance is carried in the Hydro Commission's Insurance account with the exception of one property, up in North Bay, and that is insured.

Q. Perhaps you can tell us something about the volume of business that is done by the Commission?

IR.BONTHRON: We covered the period of the three years ending October 31st,1921. In this detailed examination of the records in that time the net premiums paid aggregate \$418,955.41.

- Q. When you say net premium what do you mean? A. There were some adjustments of premiums on account of cancellations of insurance, this represents the net.
- Q. That would be practically all the premiums which they paid? A. Yes, that is true, they paid more than that but got refunds on account of cancellations. Out of all the total premiums paid the Hydro Commission has received and take credit for rebates on this, or commissions, payable out of these premiums for that three year period, of \$39,177.42; of that total \$36,140.37 was received by the Hydro Commission in cash curing that three year period

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and there was receivable at October 31st,1921, from various agents and companies, \$3,037.05, which has since been received.

- Q. Perhaps I should have asked you how the insurance is placed, is it placed directly by the Commission or by Mr.Littlejohn for the Commission, with the various insurance companies, or placed through agents?
- A. It is placed by Mr.Littlejohn, as a licensed insurance agent, through various general agents.
- Q. A man would not need to be a licensed insurance agent to place insurance; anyone could place insurance?
- A. I presume so.
- Q. Mr. Littlejohn was a licensed insurance agent?
- A. That is what I understand.
- Q. There was nothing to prevent Mr.Littlejohn placing insurance directly with a company, he had authority to do that? A. Yes.
- Q. And receive the commissions? A. I believe so,
 I am not familiar with these features.
- Q. Did Mr.Littlejohn place any insurance directly with the companies himself or was it done through agents?
- A. I believe the insurance was practically all placed through agents.
- Q. When you speak of the rebates received by Mr.Littlejohn from different agents what do you mean? perhaps you can explain why he got any rebates? A. These were certain percentages of the amount of the total premium paid, ranging from 3½% to 20%.
- Q. That is, these agents divided up their commission with Mr.Littlejohn? A. Yes, sir, that is what it was.

- Q. They gave him certain proportions of the commissions they received? A. Yes.
- Q. Ranging from 3% of the premium to 20% of the premium?

 A. Yes.
- Q. He received altogether from the agents in rebates of that kind how much money? A. The total receivable was \$39,177.42, not all received in cash; there was a little more than \$3,000 that was still receivable at October 31st,1921 but has since been received.
- Q. How much commission did the agents who placed the insurance receive? A. I am not prepared to answer that question because I do not know what the agents' arrangements with the various companies were. We have requested them to advise us and in a number of instances they declined to do so, so that we could not tell how much they were permitted to retain of these premiums as income to themselves.
- Q. Perhaps you can give us the names of the agents through whom the insurance has been placed? A. Yes, sir, Fortimer and Bampfield; Maguire and Connan; Dale and Company; A.E. Wilson & Co.; F. & J. McAulkin; Thompson, Dale & Power; R.J. Villiars; Wood, Meen & Patterson; Lyon & Harvey; Armour, Bell, Boswell & Cronyn. These are the agents that were allowing commissions to the Hydro Power Commission, there were a number of other insurance agents with whom insurance was placed, each one of them being relatively small and no commissions were returnable.

 Q. How do you know? A. We have communicated with a
- number of them and made a pretty fair test in that way and they have certified to us that they did not pay anything to Mr.Littlejohn. There is nothing in the records

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of Mr.Littlejohn or in the books of the Commission to indicate that any commissions were at any time paid by any of these and we do not question the accuracy of these records.Q. Have you inquired of Mr.Littlejohn about these? A. Yes.

Q. What does Mr.Littlejohn state to you? A. He confirms the statement that the agents whose names I have read are the only agents who have ever paid rebate in commissions to the Hydro Electric Power Commission. He has not received any rebate from any other agents but those whose names you have read? A. No, sir,

Q. Is that correct Mr.Littlejohn?

MR. LITTLEJOHN: There is one other concern, the commission received on that Royal insurance of \$7.815.81

MR.BONTHRON: A small amount of \$50.

MR.LITTLEJOHN: About \$116 I think, that is the only one.

MR.BONTHRON: That is represented, I presume, in the rebates receivable on October 31st,1921?

MR. LITTLEJOHN: Yes, that had not been paid, that has since been paid, that was placed directly with the Royal Insurance Company.

Q. Did the Royal Insurance Company pay any commission on this insurance to anyone except the rebate to yourself?

IR.LITTLEJOHN: I cannot tell you that.

Q. The list that Mr. Monthron has just given to us is a complete list with the exception of the Royal Insurance?

MR. LITTLEJOHN: It is, to the best of my ability:

Q. In what condition did you find the accounts of this

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Department, Mr. Bonthron?

MR.BONTHRON: In general the accounts were in first class condition as far as all insurance transactions were concerned, other than the records of these commissions refunded.

- Q. What would you say about the records of the commissions refunded to Mr.Littlejohn? A. They were incomplete, it was not possible to obtain proper identification of the items from the books of account of the Hydro Power Commission; in order to get the information that is set forth in this report it was necessary to obtain the assistance of Mr.Littlejohn and the personal record of his.
- Q. Did these rebates that were given to Mr.Littlejohn go direct to the Hydro Commission? A. No, they all came through Mr.Littlejohn.
- Q. Did they appear in the accounts of the Hydro Commission?
 A. Yes, sir.
- Q. In what form? A. In the form of cash received in insurance reduction as credited to the insurance fund of the Hydro Commission.
- Q. Was there anything to show that there were rebates allowed on certain commissions to Mr.Littlejohn?
- A. I think it is very fair to assume they could not be considered to be anything else as to the verification in detail as to whom they were received from, and the amounts, I say that, of course, is not clear.
- Q. Was there anything on the books to show from who me they had been received? A. In a number of instances, yes, but not always separate, there might be two or three

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names with the composite amount, not divided.

- Q. What would you say about that method of keeping accounts? A. Well, it was open to criticism and it has been changed so that now the records, I understand, from about November 1st last, are very clear in that respect, complete.
- Q. Since November last they show from whom rebates have been received and on what policies? A. Yes, sir, so that they can be completely identified.
- Q. Why were they not kept before so that anybody could see from whom they were received and in respect of what policies they were received? A. I would say that the only explanation would be that there was some question as to the legality of the Power Commission receiving these rebates of premiums and therefore not any more information was put in the records than would be considered the absolute minimum.
- Q. Would it be fair to say they were kept in a way that it would be difficult to find out just what they had been given for? A. I think that was the intention, and I believe the employees of the Commission, having the records in charge, would say that was the reason it was done in that way, rather than to have the implication made that they did not know how to keep accounts correctly and clearly.
- Q. There was a wide distinction between the way these accounts were kept and the way the regular accounts of the Commission were kept? A. Yes, sir, the accounts of the Commission in general are in very good condition, splendid.

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- Q. How was the money paid to Mr. Little john, in what form?
- A. I presume in the form of cheques from these various agents.
- Q. What was done with the cheques they received?
- A. In some instances they were deposited by Mr.Littlejohn in his personal account and his cheque was in turn paid over to the Power Commission. In other instances the cheques were endorsed to the Power Commission and delivered to them.
- Q. Q. Were most of them dealt with in that way or were most of them put into Mr.Littlejohn's personal account?
- A. I could not answer that question definitely; I think, however, from recollection, that most of the remittances went through Mr. Littlejohn's account.
- Q. Was there any book kept by Mr.Littlejohn himself
 to show how his personal account was made up? A. Yes, sir,
 in so far as these items are concerned, Mr.Littlejohn
 had a record from which he was able to satisfy us as
 to every item that we questioned or inquired about.
- Q. He was able to show you that all these rebates he had received and deposited to his personal account had later been paid out by him to the Commission? A. Yes, sir.
- Q. And received by the Commission? A. Yes, sir, he accounted for every cent.
- Q. How often were they paid over to the Commission?
- A. Monthly throughout the year as received.
- Q. So that there is no question the commissions received by Mr.Littlejohn and the rebates he received from the insurance companies were paid over? A. None, so far as we are concerned.

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- Q. How are the accounts kept now in respect to these rebates? A. As I stated a little whole ago, proper accounts are now being kept so that it would not be necessary to go beyond the records of the Commission in order to verify them.
- Q. The monies received are deposited from time to time to the credit of the Commission or are they still deposited to Mr.Littlejohn's personal account? A. That I cannot answer.
- Q. Are any rebates received now, Mr.Littlejohn?

 IR.LITTLEJOHN: I have not received any lately.
- Q. Since your license was cancelled?

MR.LITTLEJOHN: I have not heard it was cancelled, merely held in abeyance.

COMMISSIONER J.A.ROSS: It simply was not renewed.

MR.LITTLEJOHN: My cheque for the money that

I sent for my fees has not been returned to me; unless

it is in abeyance I imagine I would have got that back;

I think they have not settled it.

- Q. Have you examined the accounts for the last few months?

 MR.BONTHRON: No.
- Q. Where did you get the impression they were being kept in a different way from what they have been before?

 A. We have examined them within very recent months, subsequent to October 31st,1922 but as of October 31st, 1921, that is, this report only brings the examination down to that date. Of course our actual examination of these accounts was made subsequent to October 31st,1922. Of course we saw the manner in which the current transactions were being handled.

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- Q. Have you any suggestions which you could make as to any improvement that might be made in the method of keeping accounts or are they kept in a satisfactory way?
- A. I think they are quite satisfactory, Mr. Chairman.
- Q. Have you given any consideration to the manner of conducting the insurance business of the Commission, have you any opinion to offer on that? A. No, sir, I have no opinion to express on that.
- Q. You are not an insurance expert? A. No.
- Q. Did you make inquiry to ascertain why it was that the insurance was not placed directly by Mr.Littlejohn with the company instead of being sent through agents?
- A. No. sir. I did not.
- Q. Is there anything on the minutes or records to indicate why these agents should receive this commission or why the insurance was sent through them? A. I have no recollection from the records or the minutes that I have seen, of any direction to Mr.Littlejohn to place the insurance with any particular agent or company. As far as I know he placed the instrance on his own initiative and with the agents that would make possibly the best arrangements so far as the Hydro Power Commission was concerned.
- Q. That would give him the biggest percentage? A. Yes, sir.
- Q. That is a matter of which you have no direct knowledge?
- A. No, I have no direct knowledge.
- Q. Do you know yourself about what commission is paid agents for placing insurance? A. I have been informed that the gross commission allowable to an agent is about 26%, that is the average.

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- Q. Assuming 26% is the average commission paid to agents how much would these agents have received in commission, that is brokers through whom this insurance was given?
- A. The insurance placed with Modtimer and Bampfield, commission at 26%, would about to \$77.360.32.
- Q. How much of that commission was paid to the Hydro Commission through Mr.Littlejohn? A. \$29,066.93.
- Q. So that would leave a clear commission to the agents of how much? A. \$48,300 approximately.
- Q. What was the percentage paid by them to Mr. Littlejohn?
- A. There were three different percentages: 3½% on insurance placed in England; 5% on insurance placed in the United States and 10% on insurance placed in Canada.

A.E.Wilson & Company, the total commissions they would receive on a 26% basis would be \$5,227.07, and the amount rebated through Mr.Littlejohn to the Hydro Commission was \$1,204.30, at three rates: 10% on railroad accident insurance; 12½% on fire insurance; 15% on ordinary accident insurance and 20% on guarantee insurance.

Q. Are you familiar with the commissions these agents received from the company?

MR.LITTLEJOHN: No. sir.

agents asking for a statement of the amount they received from the companies and they declined to give it so that all the information we have been able to get is from the Insurance Department who have a return showing the commissions paid.

MR.LITTLEJOHN: I do not know the first thing about their commissions.

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EVAN GRAY.

TO THE CHAIRMAN:

- Q. You are Inspector of Insurance? A. Superintendent of Insurance.
- Q. Can you tell me what the commission paid agents amounts to? A. In Toronto or Ontario?
- Q. In Toronto? A. I can give you the average, I cannot give you particulars of individual agents.
- Q. What is the average? A. We had occasion to make a study of it about a year ago for other purposes and we found the average rate of commission paid by fire insurance companies to agents in the City of Toronto was about 27.5%. The average rate of commission paid to insurance agents in Ontario, excluding Toronto, was 18.8%

 Q. Do you know anything about commissions paid on
- Q. Do you know anything about commissions paid on guarantee bond insurance? A. No, I do not.
- Q. Apparently that is higher?

MR.LITTLEJOHN: I should imagine it would be higher.

- Q. Is Mr. Littlejohn a licensed insurance broker? A. No, he is not.
- Q. Why? Was not he? A. Yes, he was; we had some discussion with the Commission as to the desirability of continuing Mr.Littlejohn's license and agreed with the Commission that some other arrangement should be made.
- Q. Did his license expire owing to lapse of time?
- A. It expired on the 30th September last.
- Q. Has not been renewed? A. Has not been renewed.
- Q. You are familiar with the rebates that have been given to Mr.Littlejohn, are you? A. I do not know the

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rebates but I am familiar with the fact that he received a commission.

- Q. The Hydro Commission shared in the commissions?
- A. Yes, of course I understand they were on behalf of the Hydro and not on behalf of Mr.Littlejohn personally.
- Q. As a licensed agent he would have the right to receive part of the commission quite independent of any other consideration? A. I suppose the license would be a prima facie right, we thought he did not have an ultimate right.
- Q. For what reason? A. The law in respect to the payment of insurance premiums as enacted by the Dominion Governments requires that there shall be no discrimination in the rates offered to any person with respect to a risk of essentially the same hazard. That is to say I have the right under the law to receive my insurance at exactly the same cost to me as any other person who requires the same form of insurance, no matter what amount he may have to place or no matter what other conditions may surround it, apart from the hazard. It really has a counterpart in the matter of railway operation, that is, the small shipper is entitled to the same rate as is the large shipper. Now, if a person who had a large amount of insurance to place was allowed, by the arrangement of the appointment of an agent, to receive a commission on that business he would be securing his insurance at a cheaper rate than other members of the public.
- Q. Supposing Mr.Littlejohn had kept this commission himself, and that the Hydro had nothing whatever to do with it?
- A. In that case we would, of course, have to question

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his right to his license because of his relationship to the insured. The rule of the Department is that a license shall not be issued to employees for the purposing of receiving commission on the insurance of property of their employer.

- Q. On that ground? A. Yes.
- Q. Do you think taking the commissions as he did and turning them over to the Hydro, he was violating the provisions of the Dominion Act? A. Certainly, not intentionally but we think it would be a violation.
- Q. Does not that read "If it appears that the commission is an inducement to the person to insure"? A. Yes.
- Q. There is no particular inducement in this case?
- A. I should think decide that was the inducement to insure. A company which offered to allow commission to Mr.Littlejohn in consideration of the placing of the insurance with that company and another company which took the position that they would not properly allow the commission to Mr.Littlejohn, surely that would be a very decided inducement to the Hydro to place the insurance with the company that paid Mr.Littlejohn commission.
- Q. It did not make any difference to Mr. Little john?
- A. Quite true, but it made quite a difference to the Hydro.
- Q. Are you bound to follow it up and see what Mr.Littlejohn does with the money, it comes into his hands as part of his commission? A. Yes, decidedly; the Act says licenses are only to be issued to persons who carry on business publically and in good faith as insurance agents, who hold themselves out to the public and carry on business in good faith as insurance agents.

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- Q. Your opinion is, as Superimendent of Insurance, that Mr.Littlejohn had no right to share the commissions with the agents with whom he placed the insurance? A. What Mr.Littlejohn was doing is only what many other large insurers of the same kind are doing.
- Q. Mr.Littlejohn did not benefit by it? A. No, and this had been a practice until lately when there was a revision of the insurance legislation.
- Q. Mr.Littlejohn would have had the right to the whole premium if he was doing business in the regular way?
- A. Yes, decidedly, if he were a bona fide insurance agent and holding himself out as such.
- Q. He had just as much right to receive the whole as part? A. Yes, I should say so.
- Q. If all the Hydro insurance were placed through a company or corporation in which perhaps the Hydro had some stock itself there would be no breach of the law for the company to receive the commissions on the insurance which was placed? A. The question then would be the qualification of the corporation as an agent and no longer the question of Mr.Littlejohn. There is special legislation touching that and the Ontario Statute says that a license may not be issued to a corporation if it appears that its main or chief business is insurance of property of its members or shareholders.
- Q. Supposing the Hydro held stock in a company, not all of the stock? A. Substantially all the stock.
- Q. Yes, and placed its insurance through that company, would there be anything wrong in that company doing the business? A. I think it would not be allowable for an

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insurance agent's lineage to be issued under the law.

- Q. That is a matter you would have to consider if an application were made to you for a license? A. Yes.
- Q. Is that done in other places? A. We have got them pretty nearly eliminated, it was a common practice a few years ago.
- Q. What was a common practice? A. To have special agencies of this kind for corporations and others who had large amounts of insurance to place but it has been found not in the best interest to continue that condition, we are eliminating that as rapidly as we can and we are issuing no agent's linenses of that kind.
- Q. Are there licenses outstanding of that kind?
- A. Very few since we discovered the fact and if conditionns seem to reflect that we cancel the license.
- Q. In the case of the Methodist Church of Canada, they have a man appointed? A. Yes.
- Q. Are they strictly within the law? A. No, that is the one that is now under review. We have some correspondence with the solicitor for the Methodist Church at the present time with regard to the matters and it is now under advisement.
- Q. Is that a case where an officer of the Church has been acting as agent and receiving commissions and turning these commissions over to the Church? A. Yes, the only difference between the circumstances of that case and this are that in the case of the Church, the ownership of the property insured is not vested in the corporation which is doing the insurance business.



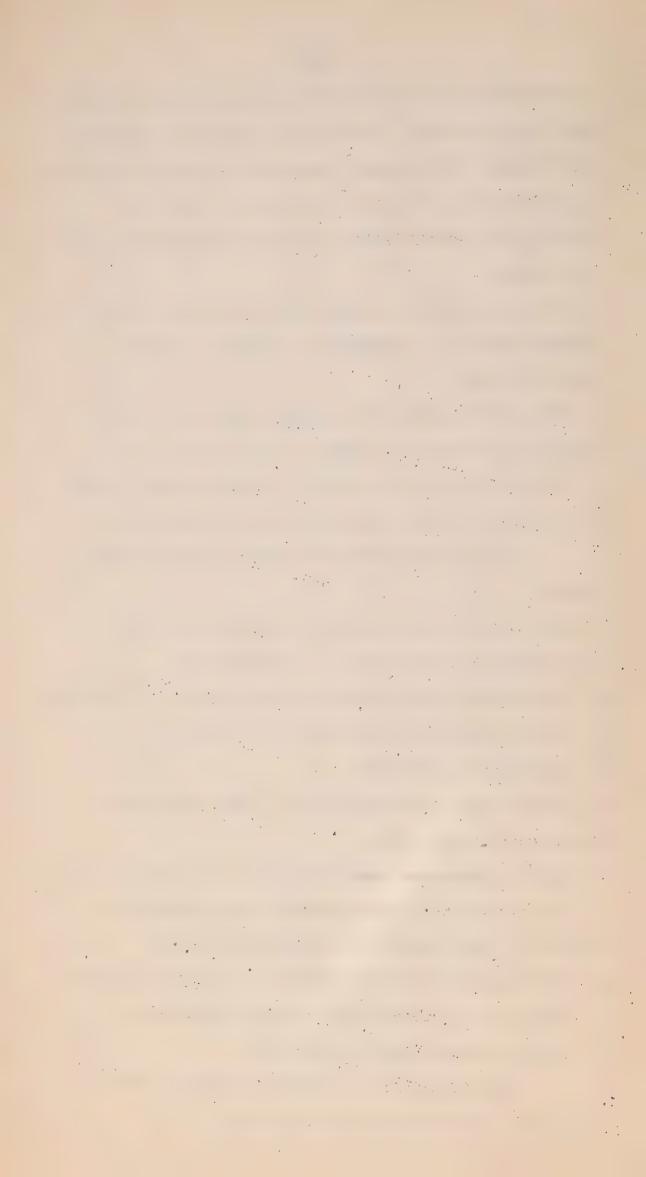
The property in that case is the property of the individual congregation vested in trustees for the local Methodist organization. The central church has no title or ownerhhip in the property, it is the central church which is acting as the agency between the local congregation and the company.

- Q. Does the Methodist Church insure directly with the company itself? A. Through this agency or one of their officers.
- Q. This agent insures the property directly with the company and receives the whole commission? A. Yes.
- Q. Mr.Littlejohn has an example in the Methodist Church?
- A. A precedent which I am endeavoring to remove.

MR.BONTHRON: The next company is Maguire and Connon.

- Q. How much did they receive in commissions at the rate Mr. Gray has mentioned? A. \$12,851.82.
- Q. How much did they pay to Mr.Littlejohn? A. \$2,797.03.
- Q. On that basis what would their net profit be?
- A. Approximately \$10,000.
- Q. During what years was that? A. The three years ending October 31st,1921.
- Q. Was the insurance practically the same in each year?
- A. No, sir, the net premium paid to them in 1919 was \$1,572; in 1920, \$6,260.80; in 1921, \$31,649.07.
- Q. Have you the records for 1922? A. No, sir, I have not.
- Q. You have the records down to the present time?
- A. I have not got them for 1922 yet.

LR.LITTLEJOHN: The insurance through Maguire and Connon was very heavily reduced in 1922.



THE CHAIRMAN: What proportion of the commission did Maguire and Connon pay to Mr.Littlejohn?

MR.BONTHRON: On the insurance placed in 1919
10%, on the insurance placed in 1920 and 1921, 7%.
The reason was, 16% was originally paid by this form on insurance placed with the companies they directly represented, but when this form commenced placing insurance with outside companies they proposed to Mr.Littlejohn that they pay 10% on their own companies and 5% on outside companies and they finally compremised on 7% the average rate for all companies.

Q. How does the 7% rate compare with these other companies? Was their insurance in Canadian companies?

A. I am not prepared to answer that.

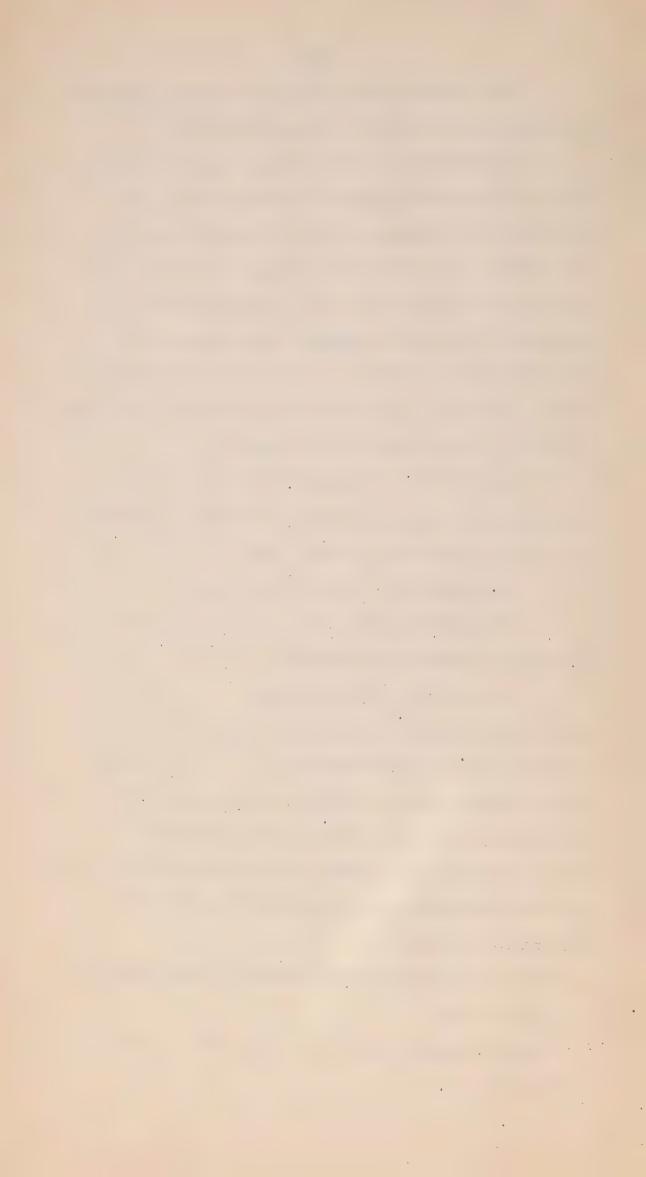
MR.LITTLEJOHN: Canadian companies.

THE CHAIRMAN: What did Bampfield pay for insurance in Canadian companies?

MR.BONTHRON: Ten per cent.

- Q. So this would be 3% less? A. Yes, sir.
- Q. Give us the other companies? A. F & J.McAulkin, on the assumed average of 26%, his gross commission would amount to, for the three years, \$1,388.95.

 During that period the rebates to the Commission through Mr.Littlejohn would amount to \$386.57; leaving the net premium \$1,000.
- Q. What percentage did they return to Mr.Littlejohn?
- A. Ten per cent.
- Q. You note Mr. Gray says it is over 27%? A. That is on Toronto.



The total commissions earned by Dale and Company amounted to \$6,339.47 and the amount refunded \$2,442.50; leaving a net of about \$3,900. in round figures.

- Q. What percentage did they return? A. Ten per cent. R.J.Villiars on a 26% basis, the gross commission would have amounted to \$381.28, the rebate \$72.07; leaving \$309.21 net.
- Q. Did you write to all these and ask for a statement of the commissions they received from the company?
- A. Yes, sir.
- Q. And received no reply? A. Received replies from a number of them.
- Q. Did you receive the information? A. No, sir.
- Q. Did they decline to give you the information?
- A. In practically all cases.

MR.LITTLEJOHN: Mr. Villiars is dead, and his firm is out of business.

MR.BONTHRON: Thompson, Dale and Power, on the 26% basis, amounts to \$1,031.91, that is the gross commission receivable by them and they refunded \$95.67, which would leave about \$940, they paid 10%.

Armour, Bell, Boswell & Cronyn would have received \$400.92, they refunded nothing, there was something refundable, the amount of which I have not, it was placed last year.

Lyons & Harvey, their commission amounted to \$62.40, they refunded \$24. on the 10% basis.

Wood, Meen & Patterson, the total commission receivable at 26% would be \$1,750.35, they refunded \$51.60.

Q. That is a very small refund?

MR.LITTLEJOHN: That Wood, Meen and Patterson is marine insurance, it would not come under that heading.

Q. That is of a different class?

MR.LITTLEJOHN: Yes.

Q. A letter was received from Wood, Meen & Patterson confirming that, did they state what it was? A. The letter has been turned over to the Commission, I have not a copy of it.

MR.BONTHRON: These are all from whom the commissions were received.

Q. Speaking generally you cannot get down to exact figures as to how much more commission Mr.Littlejohn would have received than he did if he had placed the insurance directly with the companies himself instead of through an intermediary? A. On the basis of the calculation that he would have received an average of 26% the gross commission amounts to \$106,800 in round figures and Mr.Littlejohn received in rebates \$39,177. Had the insurance been placed and he received 26% it would amount to \$67,623 more for the three year period.

MR.LITTLEJOHN: Mortimer and Bampfield you have to figure at $18\frac{1}{2}\%$ instead of 26% and they received the most premiums and that would make a big reduction on that amount.

THE CHAIRMAN: Mortimer and Bampfield had a very large business and they may get a higher rate than the average agent in the country.

MR.LITTLEJOHN: These are gross figures.

THE CHAIRMAN: There may be some who receive as

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high commissions as the Toronto agents? A. Mortimer and Bampfield had to place a lot of their business through Toronto agents.

THE CHAIRMAN: We want to get a statement from these men as to what commissions they received and they witheld the information; it could be ascertained, I suppose, from the companies.

THE CHAIRMAN: As they have witheld the information we cannot get at it exactly.

AR.LITTLEJOHN: You can only go by the figures given by the Superintendent of Insurance.

THE CHAIRMAN: That might not be applicable to people doing business on such a large scale.

MR.LITTLEJOHN: That is as close as we could get to it.

THE CHAIRMAN: The small agent in a village might get a less rate but where they do business on such a large scale as these people they might have the same rate as agents in the City of Toronto.

MR.LITTLEJOHN: The way they have been placing a lot of their stuff I think their commissions would be lower.

Q. They have an office in Toronto? A. No, sir.

THE CHAIRMAN: Is there any further Mr. Bonthron that we have not covered with you?

MR.BONTHRON: No, I do not know of anything further.

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JOHN LITTLEJOHN

TO THE CHAIRMAN:

- Q. Perhaps you can give us the history of the establishment of your department at the Hydro; tell us how it came to be established? A. I went up with the Electric Power Commission; I was treasurer for the Central Ontario, and when I was with them I was doing the same thing I was acting as agent for Insurance Companies and I explained that to some of the heads of the Hydro and it went before the Commission.
- Q. What did? A. As to whether I should continue doing the same there as I had been doing for the Electric Power Company.
- Q. Were you taken over by Hydro and did you take charge of their insurance business after the Government purchased the Central Ontario Company? A. A year and a half afterwards.
- Q. They asked you to take charge of their Insurance Department? A. Yes.
- Q. You took up with them the question of whether you should do what? A. Whether I should ask for commission from outside Companies the same as I had been doing.
- Q. Before that time how was the insurance done?
- A. I haven't much of an idea of what was done before I took hold of it. I did not inquire anto that.
- Q. Who was in charge of it before you? A. I think it was done through the Accounting Department, I think the Chief Accountant had something to do with it.
- Q. Mr.Pierdon? A. I think so. I am not certain, I never inquired.

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- Q. You know from whom tou got the records? A. They came from the Accounting Department but they were very small at that time. I think their building there and storehouse was about all they had.
- Q. What was the date that you took this up with the Commission? A. Somewhere in the latter part of 1917.
- Q. That would be about the time of your appointment?
- A. Yes, to that Department, when they decided to start the Insurance.
- Q. Who did you see on the Commission? A. I wrote a letter to Mr. Gaby, if I recollect rightly, then he took it before the Commission.
- Q. What did you say in that letter? A. I outlined the system, or what I wanted to do in regard to an insurance department, telling them we would look after the Workmen's compensation and we would use the Workmen's Compensation Board's rate as closely as we could, and that we would carry the Central Ontario insurance less 12% in the fund that we were starting to create, and the other insurance would be placed outside at the best rates I could get.
- Q. Did you buceive a reply to that communication?
- A. No, I was just told to go ahead, I think Mr. Gaby told me to go ahead and take charge of the Department.
- Q. And to conduct the business in that way? A. To conduct the business as well as I could and as close to what was laid down as possible.
- Q. Have you a copy of that letter with you? A. No, sir, I think I can get a copy of it.
- Q. You were on the Commission at that time, Mr.Lucas. Do you remember the matter being taken up?

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MR.LUCAS: Not the details, I knew Mr.Littlejohn was put in charge of insurance and that is practically all I knew. It was not until a later date that I knew the Commission benefited by it. I knew that since and have had communications with the Department.

TO COMMISSIONER J.A.ROSS:

- Q. Your whole idea in suggesting to Mr. Gaby that you should do this work, was that you would be of material service in effecting a refund for the Hydro and thereby saving them money? A. It was with the idea of saving money, that was the whole idea.
- Q. Had you had any training in insurance business? A. Not a great deal before that.
- Q. Would it be right to call you an expert?
- A. No, sir, it would not.
- Q. You do not claim to be an expert? A. No, I do not claim to be entitled to that.
- Q. It would be more correct to describe you as an insurance agent or broker? A. Insurance agent would be the better title.
- Q. Did you find the insurance was being placed through a number of agents at that time? A. When I went in there there were a number of agents on at that time.
- Q. Were there any regulations made by Hydro governing the administration of your Department after you took charge? A. Not in writing, merely by conversation.
- Q. What had you in the way of regulation regarding anything concerning the management of your Department? Were there any rules or were you given a free hand? A. The only rules

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and the state of t that I got was to see that the property was kept insured and to do the best I could with it.

- Q. How would you know what property you had to insure?

 From whom did the information come to you? A. When the

 Queenston-Chippawa Canal was started I was furnished with
 a list of the buildings as they went up and as they were

 furnished, together with the value of these buildings,
 and then I was furnished with the contents and what it was

 valued at and then that was checked up. I would go over

 there every eight days. For over two years I was over

 there about every eight days and took up with the General

 Superintendent and others the value of the contents of the

 buildings and then Nortimer and Bampfield put on the

 insurance.
- Q. From whom would the information come to you that a certain building had been erected? A. Mr.J.B.Goodman, the General Superintendent at that time. He was Superintendent of Construction.
- Q. Would he write and tell you what buildings had gone up?

 A. He sent me a list.
- Q. What percentage of the cost or value was covered by insurance? A. It mostly averaged ninety percent.
- Q. Didn't this firm of Mortimer & Bampfield look after that? A. They went over the job three days a week and if there were any buildings that had not been reported, they would report that. There were a lot of buildings and it was absolutely necessary that we should keep them covered, because there was so much money going into them, and if they had not done that I would have had to put a man over there.

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- Q. If they found some building that was not on their list they would bring that to your attention? A. Right away, in fact they had instructions that if they could get the value from the General Superintendent to cover it and notify me afterwards. They were instructed not to waste time and to take no chances.
- Q. Then the contents would be shifted from time to time; there might be \$100,000 one day and \$10,000 the next.

 What would you do in a case like that? A. What we call our Stores, supplies that we are going to use; they went into out stores, and that was covered in a policy anywhere on the line of the canal, it did not matter. Theses things could be moved from any building we wanted to move them from; there was a blanket policy on all our stores. The other contents we would get from our Superintendent and they would be electrical machinery or other machinery that was going to stay in a building.
- Q. You might have to cancel a policy, a building might be torn down? A. Yes.
- Q. Then would you get a rebate on the insurance for a certain period? A. Yes, a lot of that was done.
- Q. Certain classes of machinery would be moved?
- A. Yes, machinery was moved from one building to another. sometimes. As the contractor's job went along there would be all these changes, and we would cancel the policy and get a new own and take our rebate.
- Q. You have a number of agents on your list. On what principle did you proceed in choosing the agents through whom you placed insurance? A. My whole time is not taken

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what in with the other work that I have to do, and I did not have time to go around and pick and choose very much, and so I would place it with the men I thought would take it.

Q. If you had told the Insurance Agents that they would come to your office? A. That is what these fellows would do and I would decide which man would give me the best service on that job.

- Q. My experience is that it is the agents that run after the insured and not the insured after the agents? A. If you could have kept them out of my office I would have saved a lot of time, I would have saved an enormous amount of time.
- Q. I would have thought they would have helped you?
- A. They would come in when I was busy at something else.

 They did not turn up at the time I wanted them.
- Q. They did not come when you wanted them sometimes, and other times they came when you did not want them?
- A. Lots of times, and you know an insurance agent is pretty hard to get rid of.
- Q. When these large commissions were payable it is no wonder they swarmed around you? A. Yes, sir, but that 26% which Mr. Gray speaks of, that is mostly the General Agent gets that, the plain ordinary agent don't get that, I do not think.
- Q. These were not General Agents? A. No, I did not deal altogether with the general agents, I could not do that.
- Q. What about this firm at Niagara Falls? A. They are General Agents for some companies but not all the companies. They placed the insurance wherever they could get it.
- Q. There are other general agents that I know that get more

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- than 26%? A. I do not know them, sir, but I will take your word for it.
- Q. You had a license, why didn't you go direct to the companies and place the insurance direct with them instead of going to all these agents? A. As I said before I had very little time to go, and furthermore to get the benefit of the best commission I would have to become an agent for the company, and I did not know whether these people would give me a regular contract as agent.
- Q. Why didn't you try? A. Well, that is something I could hard ly tell you now.
- Q. I think companies like to engage men who have a lot of insurance to place, and if he has not time to come and see them they find time to go and see him? A. There is a great deal in what you say, but I cannot really give you my reason why I did not go and ask for these agencies at that time unless it would be that I was scared that they would not give them to me.
- Q. You do not look as if you were a very nerrous man? A. I did not like to ask for something that I could not get.

 TO COLMISZIONER HARRIS:
- Q. If you were scared to do a thing like that, one would think you should not have undertaken the work at all?
- A. I was doing the best I could for the Hydro.

TO THE CHAIRMAN:

Q. If these figures that Mr.Bonthron gives us are ocrrect,

Hydro would have saved, in these three years, by dealing

direct with the companies, about \$70,000; or would have

received in commissions about \$70,000 more than they actuall;

received; that was worth doing a little for? A. I did not

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know that. My foresight was not as good as my hindsight.

That is the way I look at it now.

TO COMMISSIONER HARRIS:

- q. In the letter you wrote in the first place, did you set out specifically just what you proposed to do? A. I think my recollection of that is more particularly in regard to the formation of an Insurance Department. I do not think I dwelt very much on what I could do in the shape of commission any further than to say I could get certain commissions, I expected to get certain commissions. The letter was specific with regard to what I wanted to do, with regard to our own end of it. I would handle the Workmen's Compensation assessment as close to their rates as possible. Central Ontario were getting 12½% off that, and on automobiles we would get 20% off that, that was the agent's commission.

 Q. Was it you who suggested the Hydro should take over the Workmen's Compensation insurance instead of allowing the Government to do it? A. I believe it was.
- Q. Why? A. Because I figured out that when the Workmen's Compensation Board got hold of any money it was a mighty hard thing to get it back, and that there would be a lot of pensions coming in and it would be better for the Commission to carry it and hold on to that money and get the use of it.
- Q. That is a rather strange idea, is not it? A. I do not think so.
- Q. All the other industrial institutions in this country have to pay into the Workmen's Compensation Board and they might have the same feeling that if they paid their money in, it would be hard to get it back, but they have to do it?

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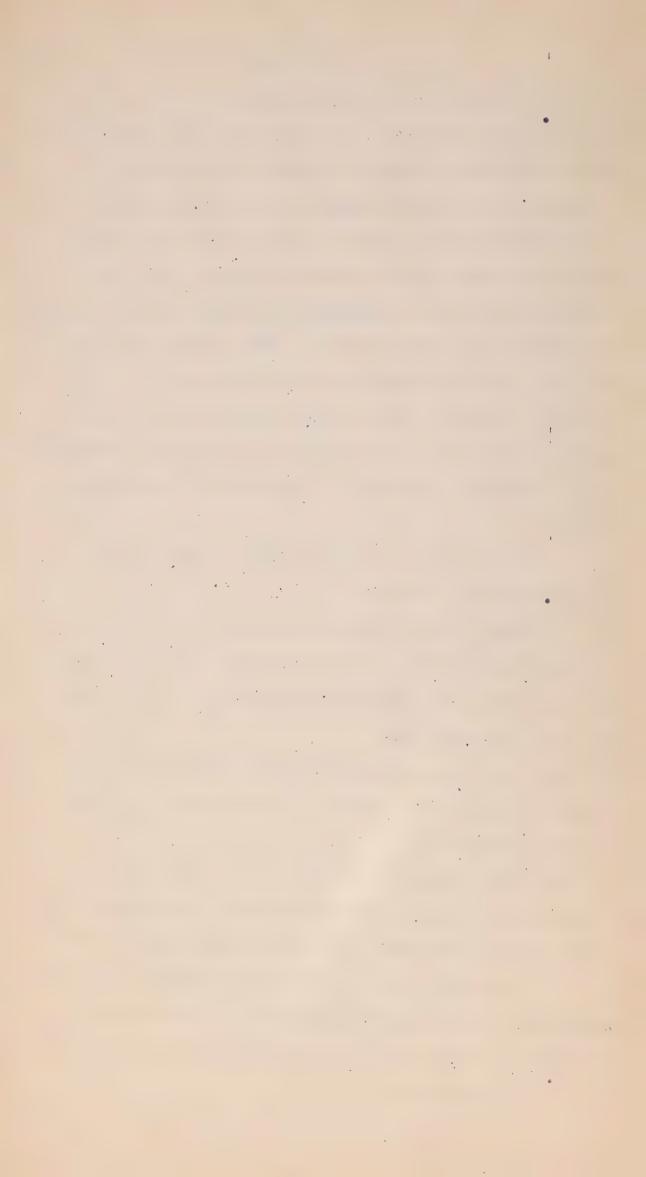
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- A. We have been able to escape that.
- Q. Why should that be? A. The arrangement was just the way Mr. Price said we could do it, we are in Number 2 schedule and Industrial concerns are in No. L schedule.
- Q. You ought to be on exactly the same basis as all the other power companies and electric companies? A. No.2 schedule covers Public Commissions, Municipalities and Railways.
- Q. The Railways don't pay in? A. The railways are liable for each accident. They pay compensation, but it is in a different schedule; they do not pay an assessment, but we pay the assessment to ourselves, and then we pay the Compensation according to the rates of the Workmen's Compensation Board.

MR. LUCAS: We are in the same schedule as the Canadian Pacific Railway.

- Q. Why should not you pay your money into the Workmen's Compensation Board the same as any other electric company?
- A. I am afraid the Workmen's Compensation Board will have to answer that question.
- Q. Don't you pay anything towards the upkeep of the Workmen's Compensation Board? A. They charge us so much for administration.
- Q. Your whole scheme is worked out on exactly the same basis as the Workmen's Compensation Board but you apparently think you can take care of the money better than they can?

MR.LUCAS: It is a matter of the schedule. We are in sehedule 2, the same as Municipalities, or the Canadian Pacific or a number of other organizations and they do not pay in a capitalized sum.



COMMISSIONER HARRIS: Other people do.

MR.LUCAS: By reason of the regulations of the Workmen's Compensation Board. There are two schedules.

- Q. You are given the privilege of retaining your own money and other people are not given that privilege? A. Schedule 2 includes municipalities.
- Q. I do not think the Hydro Electric Commission should be put in any class different to other industries? A. That is provided for in the Act.

TO THE CHAIRMAN:

- Q. Is the amount of compensation you have to pay just the same as private companies? A. Yes, sir.
- Q. Do you say you pay a share of the overhead? A. We pay a share of the overhead; that is fixed by the Workmen's Compensation Board.
- Q. Do they examine all your cases? A. Yes, they make an award and charge us for their time. Last year it cost us nearly \$7,000 for their administration.
- Q. What advantage is there to you by running this yourselves instead of going under the Workmen's Compensation Act?
- A. We have the use of the money,
- Q. Where is this money? How much have you got now? A. We have in the neighborhood of half a million dollars, I haven't quite finished up this year.
- Q. Is that money kept in a separate account or is it just thrown into the general pot? A. Yes.
- Q. What interest do you draw on 1t? A. Four percent.
- Q. Where is the money now? A. It is used as working capital. It is at the credit of our account in our books, called the Insurance Fund.



- Q. That account is the same as other funds of the Hydro and can be used for any purpose? A. The Accountant will have to answer that question.
- Q. All you do is to pay the money in? A. I cannot tell you ant anything about the Account, Department.
- Q. You have a half million dollars there that you can use on any work for the Hydro?
- A. We had two cases since November where we had two pensions; one widow with a couple of children and the amount set aside had a capitalized value of \$8,700.00. These two widows have since got married, and we have to give them/ each, commuting their proportion of that. Then we have only to pay the pension to the children because the children are going with their mother. That means a refund to us of about \$8,000.00, on these two cases and we get the benefit of that.
- Q. Would not you have got that under the Workmen's Compensation Board? A. If it ever got in their Pension Fund, I am afraid not.
- Q. You would get the benefit in your rates? A. That would be kept in their Pension Fund, when it gets into their hands it is likely to stay there.

MR.LUCAS: It is a matter of legislation. The municipalities and the Hydro do not capitalize their claims. The Government is in exactly the same position, and every municipality is in exactly the same position, that is all settled by legislation.

Q. The Toronto Hydro does the same thing and manages its own fund? A. It does not capitalize its payments. They all manage their funds but they do not capitalize their payments

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and pay them in. In a claim against the Ontario Government they pay the annual charge but they do not capitalize the pension and pay over a capital sum for investment. Nor do any of the railway companies. They are all placed in Schedule E, by reason of the legislation and by reason of the regulations of the Workmen's Compensation.

TO COMMISSIONER HARRIS:

- Q. Previous to your coming with the Commission was it done in the same way? A. They were insured outside then.
- Q. Was the Workmen's Compensation Act in existence at that time? A. Yes, they went in in 1915.
- Q. Who had covered the Hydro? A. Up to the 1st November, 1917, the Hydro had insurance with one of the Insurance Companies.

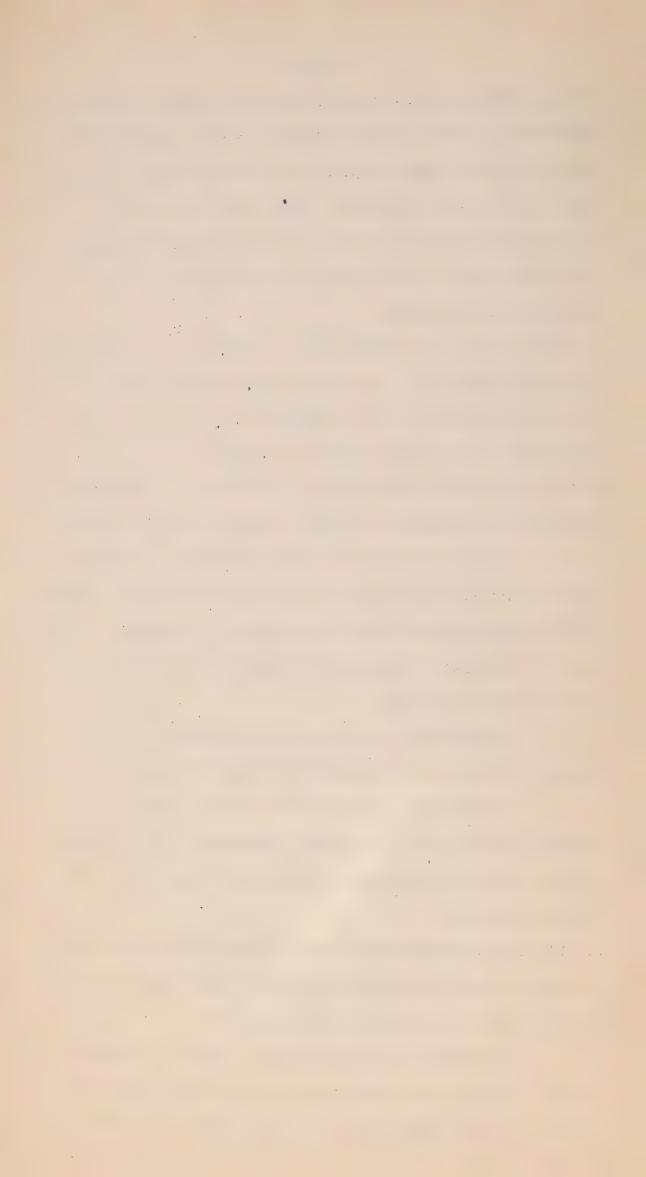
MR.LUCAS: Up to 1917, when the Act came into force, they had not so much liability, but they insured against risk, and these assessments were made against the Insurance Company, and then the Hydro abandoned the insurance altogether and assumed their own risk.

COMPLISSIONER J.A.ROSS: Did you have any part in making classification No.2 of the Workmen's Compensation Act?

MR.LUCAS: I was in the Legislature. There was no relation between the Hydro Power Commission and the making of that Clause No.2 exempting them from coming under the general operation.

Q. Did the Government pass the Workmen's Compensation Act so that it would be beneficial to the Hydro and permit them to work their own Workmen's Compensation?

MR.LUCAS: My recollection is this, and I think it is correct. Neither the Government nor Hydro are under the Workmen's Compensation Act at all, under the legislation as it



exists today. They voluntarily came in, just as the Government came in and got rid of their damage claims; it is a voluntary submission to the jurisdiction of the Workmen's Compensation Board. The Government I understand do the same thing and any claims against the Government are adjusted and taken care of by the Workmen's Compensation Board. By understanding of the legislation is that the Hydro is not under the Workmen's Compensation Act legally at all; but they voluntarily came in and said, "Whatever our damage claims are we voluntarily undertake to pay them. Mr. Price will, of course, be a very expert authority on that, but I think that is the real situation.

TO COMMISSIONER HARRIS:

- Q. Should not Hydro be under the Act? A. That is a matter of policy, it is a Government Commission.
- Q. Your Chairman says it is not.

COMMISSIONERJ.A.ROSS: Is it a department of the Government?

PR.LUCAS: No,I do not think it is; as such it is not under the Workmen's Compensation Act. I am giving that with some hesitation but I think it is correct.

Q. You are under it now because you exercised your option to go under it? A. Yes.

THE CHAIRMAN: Q. You say, Mr. Little john, that the agents would come to you to get business? How did you come to choose the men who were on your list?

MR.LITTLEJOHN: Because I thought they would give me better service and distribute these things around.'

Q. One agent would be entitled to do as much as another, if you put it in that way? A. I exercised the best judgment I could at the time.

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- Q. Did you have any suggestion form any quarter as to whom you should give insurance to? A. No. sir.
- Q. Have you ever had any? A. I do not recollect any.
- Q. Think a little while; you never had anyone suggest to you that so and so would be a good agent? A. I may have had once or twice, because there was a good deal of talk going around
- a place of that sort; but I cannot say positively about any one particular person.
- Q. Don't you recall any instance? A. Not at the present moment.
- Q. Did you do any business through a firm of Beardmore & Co.? A. Yes.
- Q. Was any suggestion made to you that you should do business through them? A. Yes, sir.
- Q. That is something you did wholly on your own initiative?
- A. I gave him a little policy on a house over at Grimsby.

 The right of way man told me that he had just bought that house and Mr. Beardmore came in to me regarding the insurance on the Toronto & Niagara Power Company and the Toronto & York Radial and gave me a list of these, and he was in there at the time and this house was a small thing and I asked him if he would cover it for me to get rid of it.
- Q. There is a good deal of other insurance done through that firm? A. No, the only other insurance that they had was all completed before. They have got a lot of the Toronto & Niagara Power Company and the Toronto and York Radial Company.

 Q. And the Power plant over at Niagara Falls? A. That is

covered by the New England Mutual Company. They have nothing to do with that.



- Q. They carry insurance for you now to the extent of some million dollars? A. Yes, that is on companies just taken over.
- Q. You are quite sure no one has suggested to you that you employ this or that agent? A. I haven't any recollection of it.
- Q. When you employ any one does it ever enter your mind whether they are friendly or unfriendly to the Hydro organization? A. I have never asked one of them.
- Q. Perhaps you would not need to ask them? A. I think I would.
- Q. We saw a letter the other day in connection with some business down at Cornwall in which it was stated that the policy of the Hydro was to give the business to some of their friends? A. I have never seen one of these letters.
- Q. You have never acted on that? A. I have never acted in that way.
- Q. You have just placed your insurance where you thought you could get the best service? A. The best service.
- Q. In fixing the commissions that are given to the different agents on what principle did you act? A. I acted in the first place on the division of fifty-fifty, that is what I wanted to get.
- Q. Why didn't you get fifty-fifty? A. I think possibly I have done that.

TO COMMISSIONER HARRIS:

- Q. You think you have received fifty-fifty of the commission?
- A. I think where I get ten percent I do. Most of these agents would get an average of 20 per cent.

TO THE CHAIRMAN:

Q. I think you will find that some agents are paid as high as thirty five percent? A. Well, I do not know any of them.

I had an idea in my own head that about twenty percent was

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the average, and I got ten percent.

- Q. I notice in some instances you got $12\frac{1}{2}\%$? A. That was an offer that was made to me and I accepted it.
- Q. Haven't you written to agants, telling them that if they did the business they should pay you 15% of a premium?
- A. No, I do not recollect any, it has all been verbal.

COMMISSIONER HARRIS: Writing letters is a bad thing.

- A. I do not know, I haven't had any experience.

 TO THE CHAIRMAN:
- Q. In the case of Wilson & Co. you got 12 %, 15% and 20%?

 A. Different kinds of insurance.
- Q. I understand from the firm of Maguire & Connon you got 7%? A. Yes. sir.
- Q. How is it they pay you a lower percentage for the same class of insurance? A. They agreed to give me ten percent and then afterwards they told me their understanding was it would be on their own companies, they have four companies.
- Q. They are general agents for the Royal? A. For the Royal, Hudson Bay, Newark and Queen. They said the rest of the insurance they had to place outside and it had to go through other agents and they had to divide their commission, and they wanted to give me five per cent.
- Q. Would that affect them more than any other agents?
- A. Yes, it did in that case, because the other people did not have to split their insurance up so much.
- Q. Is that the reason you reduced the amount they paid you from ten per cent to seven per cent? A. Yes, that is the best I could get out of them.
- Q. Don't you think if you had told them they could not get any insurance unless they paid you ten per cent, they would

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have paid it? A. I don't know.

TO COMMISSIONER HARRIS:

- Q. You did not try very hard? A. No, I did not; they said that was the best, of course I tried to get it, but that was the best I could do and I had to put up with it. TO COMMISSIONER J.A.ROS3:
- Q. Did they render any special service? A. Yes, they have that property up there at Nipigon.
- Q. Was a large part of their insurance at Nipigon?
- A. Yes, that was a large part of their insurance.
- Q. That was the special service they rendered? A. Their inspector inspected the property at very regular periods.
- Q. Not the company's inspector? A, It might have been the Royal.
- Q. You speak of their inspector and of the Royal Insurance Company's inspector, that would not be any expense to them?
- A. I do not know just what arrangements they had.
- Q. When they said they could not pay you more than 7% and other people were willing to take the insurance and pay you 10% why did you so largely increase your insurance with them? A. Because we were expecting that service up there.
- Q. Other people were willing to give you 10%, when they paid you only 10% you only paid them \$1,572.00, and then when they reduced the commission to 7%, you paid them the next year \$6,260, and then the next year \$31,649? A. And then the next year it was less. The insurance they have got at the present time is only about \$5,000. That is all that is standing on our books at the present time.
- Q. The only time that insurance was necessary was during

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the construction period? A. As soon as we got through a certain part of the construction we commenced to cancel the insurance.

- Q. The risks diminished? A. Yes, and then we cancelled the policy, that is what we are doing all the time.
- Q. You cannot give any reason why, when they cut their percentage down to 7% you increased the insurance?
- A. No more than I thought I was getting better service from them.
- Q. In what respect? A. I had the backing of one of the best insurance companies in the country.
- Q. That is the Royal? A. Yes, it is one of the biggest in this Dominion.
- Q. They have other agents? A. I was depending on their service up there. Their inspector would be giving us service.

 TO COMMISSIONER HANEY:
- Q. Haven't they an agent at Ft. William or Port Arthur?
- A. I do not know, Sir.
- Q. You did not inquire? A. I did not/inquire.
 TO THE CHAIRMAN:
- Q. If you had insured through an agent of the Royal at Ft. William or Et. Arthur you would have had a man on the spot and you would have got better service? A. Possibly.

 TO COMMISSIONER HARRIS:
- Q. Is it not the Insurance agent who does the inspecting, it is the Company? A. The Company.
- Q. The agent only gets his commission for going out and hunting up the business?

MR.WOODLAND: Not in all cases. The agent has his own inspector and the Company might not contribute one

cent towards that inspector.

Q. Would a company in Toronto that insured a large property at Nipigon send a man up there to inspect?

MR.WOODLAND: The Company would send their inspector and the Agent might have his inspector at his own expense.

COMMISSIONER HARRIS: I don't believe an agent would send a man from Toronto to Ft. William.

IR.WOODLAND: The Head Office has inspectors out all the time.

TO THE CHAIRMAN:

Q. If these other people from whom you were getting 10% had told you they could not afford to pay more than 7%, would you have accepted 7%? A. I think I would if I thought they were earnest about it. I was trying to get just what I could.

TO COMMISSIONER HARRIS:

- Q. Why didn't you go the whole hog and get it all?
- A. I did not have time to go out and leave my other business.
- Q. What was your other business? A. I had work at the office that I had to keep going and if I went out and asked for agencies they might not give them to me.
- Q. You could have hired another man in the office, \$60,000 might have been saved? A. I do not believe it is \$60,000.
- Q. How much did you save for Hydro? A. I think it is \$39,000.
- Q. How much did it cost you to got it? A. Outside the salary I got, I did not spend any money at it. By stenographer might have written a few letters, perhaps.
- Q. If I thought I could save \$70,000 I would have hired assistants? A. There is quite a difference between saying

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what you could do now and what you were doing fiveyears ago.

- Q. You admit that you are not an insurance expert?
- A. I admit that.
- Q. You went in there for the purpose of saving Hydro all you could? A. Yes, and I saved them as much as I could.
- Q. I would not think so? A. You are looking at it from a different period.
- Q. I am looking at what you did save and I question whether it was done legally or not? A. I do not think that up to July of this year there was anything illegal. There is nothing in the Ontario Act to say I could not do it previous to the last amendment that was put through.

 TO THE CHAIRWAN:
- Q. The Insurance Act would not apply to this insurance we have been speaking about? A. No.
- Q. You were not aware that you were not a licensed agent until Mr.Gray told us just now? A. That is the first positive statement I have heard regarding it. I understood a while ago from Mr.Pope and possibly Mr.Lucas that the matter was in abeyance.
- Q. Did you get a legal opinion? A. Mr. Pope was going to do that.
- Q. Did he get it? A. I do not know.
- Q. Did he get it, Mr. Lucas?

IR.LUCAS: No.

Q. We were informed that an opinion had been obtained from Bain, Bicknell & Co. on the subject?

MRYLUCAS: Not that I know of.

Q. Would you make an inquiry about that and let us know after lunch?

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MR.LUCAS: Yes.

Q. I do not see why they would require an opinion when you were there?

as stated by Mr. Gray, unless we are on the same footing as the Methodist Church, Mr. Littlejohn is not entitled to a license. We have had many conferences with Mr. Gray as to that, and I do not quargel with his statment. I think under the law, as it exists today, that Mr. Littlejohn is not entitled to a license.

Q. That being the case, Mr.Littlejohn, it would appear that you are not entitled to get part of the commissions hereafter?

MR.LUCAS: What I mean is, I cannot quarrel, under the legislation as it exists, with Mr.Gray's statement; that if Mr. Littlejohn is an employee of the Hydro, and is taking out his license merely to place Hydro Electric insurance, he is not entitled to a license.

MR.LUCAS: Not entitled to rebates, that is the position, and if there is any way that you gentlemen can suggest by which Hydro can carry on and get a portion of these commissions. Hydro will be anxious to have them.

commissioner: Haney: You can carry your own insurance. You can provide the funds and set aside an amount equal to the premium.

AR.LITTLEJOHN: That is what we have been trying to do, and we have been trying to get a sufficient fund to do that.

Q. To carry your own insurance? A. Yes, that is what we are working to.

- Q. You can deposit the amount of premium you pay out and create a fund in that way?
- A. We are not exactly doing that, but we are taking the commissions and creating an insurance fund in that way.
- Q. That would not be sufficient? A. No.

THE CHAIRIAN: What was done with all there moneys that Mr.Littlejohn received?

MR.BONTHRON: They were all credited to the Insurance Reserve Account.

- Q. Is that where the Workmen's Compensation money goes to?
- A. Yes, all in the same fund.

in that fund to commence insuring ourselves.

- Q. That is the policy of the Commission as far as you know-to carry your own insurance? A. Yes, as soon as they get a sufficient fund in there so as to be able to take chances on a big loss.
- Q. In your judgment would that be the best thing for the Commission to do? A. I believe it would, to carry their own insurance. But they will have to have a fund there big enough to be certain that they are not going to wreck themselves.
- Q. When a railroad or big corporation establishes a fund to carry their own insurance is it the practice to gather together a reserve at the start? A. I should imagine that would be good practice.

MR.LUCAS: There is a very elaborate report made to the Government a few years ago as to the Government carrying its own insurance. The matter was very carefully investigated by a commission appointed at the time, and a

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report was made to the Government as to the advisability of carrying their own insurance.

- Q. The Government does not carry its own insurance?
- A. It does to some extent.
- Q. Have you considered whether it would be well for the Hydro to carry its own insurance? A. No, I am not an expert on that. The report of that Commission is in the Library and you can consult it.

COMMISSIONER J.A.ROSS: It is a matter of policy and I think the same thing applies to any industrial concern. If they want to build up a fund to carry their own insurance they can do so but it is purely a matter of policy.

MR. LUCAS: Yes, it rests mainly on having your risks spread far enough apart, and if so a company can carry its own insurance. But Hydro have such heavy risks that have to be split up and divided among several companies.

Q. You have been paying out in premiums about \$140,000 a year?

MR.LITTLEJOHN: An average of that.

whether you should not try carrying your own insurance, seeing that you cannot legally get part of the commission.

A. At that time most of these commissions were paid on the Chippawa Canal job and we could not take the risk. For instance, take our General Storehouse and our Machine Shop.

They were very close to each other, only about fifteen feet between them, and in one of them we carried at times a million dollars, worth.

Q. It would have been too risky to carry the insurance yourselves? A. Yes, and if a good fire got in there the chances would be that both buildings would go, and sometimes

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we would have in the Machine Shop \$350,000 worth.

- Q. How are conditions today? A. They are away down from that. We have \$600,000 in our Stores At the present time.

 That is as close as I can find. I was over there a few days ago, and they are making me a new inventory and in the Machine Shope there is about \$250,000 worth, so that the total runs to about \$850,000, and that would be a big chance to take.

 TO CONTISSIONER J.A.ROSS:
- Q. That is your total insurable plant and equipment?
- A. I cannot tell you.
- Q. One hundred million? A. No, I think our insurance at the present time runs in the neighborhood of \$5,000,000.
- Q. How much are you paying out in premiums? A. I do not think it will be more than 0125,000.00.
- Q. It would take you about fourteen years to build up a fund? A. We do not expect to have that Machine Shop and that Storehouse a risk like that fourteen years from now. That has got to come out.

TO THE CHAIRMAN:

- Q. If you build a second canal? A. Then we might. We expect to reduce all insurance right along. I was over there a few days ago and made several large reductions in insurance.
- Q. You say \$5,000,000 insurance at Chippawa?
- A. No, that is the whole system.
- Q. Nipigan and various other systems? A. Yes.
- Q. Don't you do some of your own insurance? A. We do our own insurance on the Central Ontario system, that system is scattered.
- Q. How is that system working out? A. On the basis of 121% off the tariff rate.
- Q. Have you made anything or do you lose money?
- A. We have made money on that.

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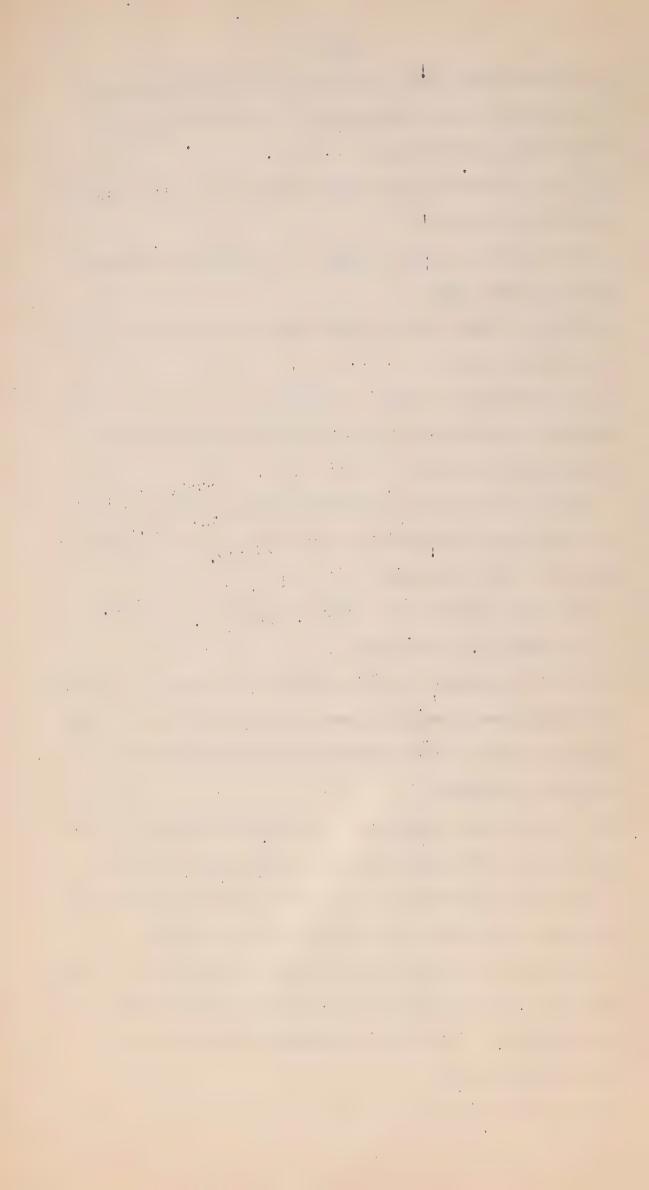
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- Q. How much have you made in the Central Ontario System by carrying your own insurance? A. In the five years we are ahead about \$8,000.
- Q. Don't you carry some other insurance? A. We carry our automobile insurance.
- Q. How do you come out on that? A. I think we work out about \$10,000 a year.
- Q. Over and above what it would have cost you if you had insured? A. Yes.
- Q. You must have a number of automobiles? A. Then on our automobile business we take 29% off the tariff rate but we insure automobiles.
- Q. When you are setting adide the money you take 20% off the tariff rate and after doing all that you are \$10,000 ahead? A. \$10,000 ahead.
- Q. Is there anything else that you insure yourselves?
- A. No, that is all we carry.
- Q. Why do you insure the automobiles yourselves? A. Because we thought, from a couple of years' experience that we were paying too much to the Insurance Companies, we were not having any accidents.
- Q. Is it accident insurance? A. Fire and accident, we have had no fires. We insure the automobiles against fires.
- Q. You had some accidents? A. Public liability, property damage and collision. We keep them fully covered.
- Q. Have you considered the question as to whether it would pay you to have an expert looking after your insurance or to assist you? A. Well, in most cases we have used the Insurance companies.
- Q. Used their expert? A. Yes.



- Q. Would it not be better to have an expert who would look after it from your standpoint, and not from the standpoint of the Insurance company? A. That might be better.
- Q. By spending a few hundred dollars you might save premiums amounting to thousands, might you not? A. I have not found anything like that yet. My policy has been where we have a big risk to use the inspectors of the companies and then also to use the Canada Fire Underwriters' Inspector; they are continually working and giving us information. Q. Where there is a special risk it might save a large outlay? A. Take for instance the Railway in Windsor; in the first place when we took that over we made a certain amount of alteration and then we got an inspector from one of the companies here that we were doing business with, to go up there and make an inspection and give us a list of his recommendations and show us where we could reduce the cost of insurance. Then we turned this over to our General Superintendent who made as many of the alterations suggested as he thought he could. Then we got a man from the Fire Underwriters to go up and inspect it and made his recommendations. I am expecting, in a few
- Q. You pay in premiums in Windsor \$26,000 for accident insurance? A. Sonthing like that, take all our insurance up there and it is something like that, public liability and all, five insurance and everything.

days, to get our Juperintendent's reply as to what he has

been able to do.

Q. Do you know how much the Fire insurance companies have had to pay under these policies? A. No, I do not.

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Q. The former Superintendent of the Windsor Railway told us the other day that their expenditure for accidents was about \$6,000 or \$7,000 a year and he said you were paying in premiums \$25,000 or \$26,000 a year? A. The average cost to American Electric Railroads last year was 5% on their receipts.

on which \$17,000 hav to be paid and still some claims; that is the collision at the Ford works.

THE CHAIRMAN: The amount the former manager mentioned would seem to be very low; they must have been very careful or the people more careful than they are now.

is 5% of their receipts, and we are only paying 2% on public liability and 50 cents for property damage.

- Q. That would be 21/2? A. Yes.
- Q. That is only half what the American roads pay?
- A. Half what the American roads were last year.
- Q. Of course you run part of your distance up there through a sparsely settled district? A. Yes, but we have that bootlegging bunch up there, that gives a lot of trouble and stirs things up.
- Q. We were told up there the bootleggers were one of the principal sources of revenue for the railway? A. They are also one of the principal sources of trouble for us with regard to accidents.
- Q. Did they have anything to do with the 17,000 collision?

 A. That was a collision with a Grand Trunk car. We have had a number of claims there for damage to automobiles and we have been told that they belonged to bootleggers.

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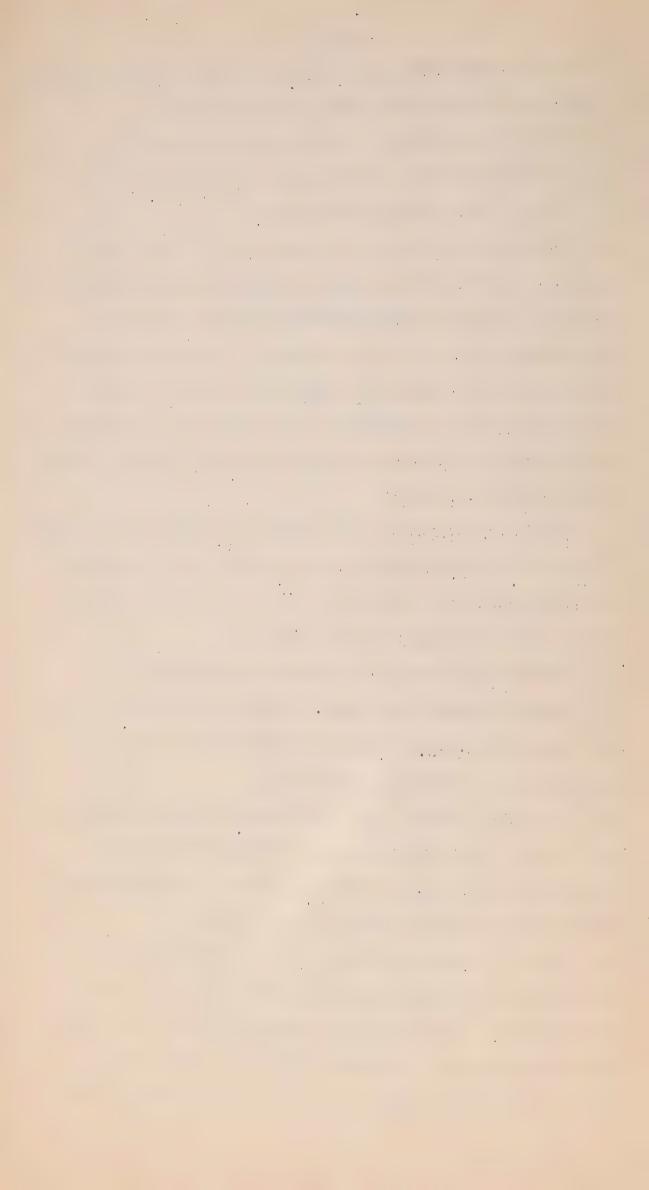
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- Q. Have you paid them? A. We have had to, or the Insurance Company have to pay them, quite a number of them.
- Q. It is not all profit? A. No, not all profit.
- Q. You have a pension fund and a sick benefit fund?
- A. I do not know anything about that,
- Q; That would not be in your Department? A. No, I have nothing to do with that, I believe that is only in prospect.
- Q. Have you had any correspondence with the Workmen's Compensation Board about the insurance; have they taken any exception to your carrying it on as you do? A. When we first started that Mr.Pope and I went down and had several discussions with Mr.Price; I do not think we ever put anything really down in writing.
- Q. Verbally or in writing, was there any difference in opinion between you and the Board; did the Board object in any way to the policy which you followed? A. Mr. Price did not see eye to eye with Mr. Pope at that time.
- Q. What were the points of difference between you?
- A. Mr. Price thought they ought to have the handling of the money, and he also wanted us at that time to put in a large deposit with them to pay claims.
- Q. To pay your claims? A. The claim of injured workmen.
- Q. If one of your workmen is paid through the Board do they aware him so much and you pay him? A. At the present time we have a deposit account down with them.
- Q. Some of the money is there? A. We have given them a small amount, \$7,500, and they sign their own cheques and send them out. Mr. Price explained to us it was easier for them to do that and follow out their own system than it would be for us, and they send us a daily statement of the



statement showing the total that they have paid and then we send them a cheque for that, so as to keep the amount up to \$7,500. That saves us a lot of work. We only make one cheque a week now instead of sometimes having to make one hundred or one hundred and fifty.

- Q. It works better for both of you? A. It works better for both of us and follows right in line with their regular system.

 TO COMMISSIONER HARRIS:
- Q. You do not think they should have the \$500,006? A. No.
- Q. Do you like to look at it? A. No, but we cannot borrow any money from the Government at 4%.
- Q. Is that what you charge yourselves on this? A. Yes, it comes in on the same rate with the municipalities. We have to come in on the same rate, they credit us with 4%.
- Q. If you put it in with the Workmen's Compensation Board what credit would you have got in interest? A. Nothing at all.
- Q. So that you make about \$20,000 a year in that way?

 A. About that.

MR.LUCAS: I think they allow interest on the credit, they capitalise the amount that we pay in, and we have to pay in that capitalized amount.

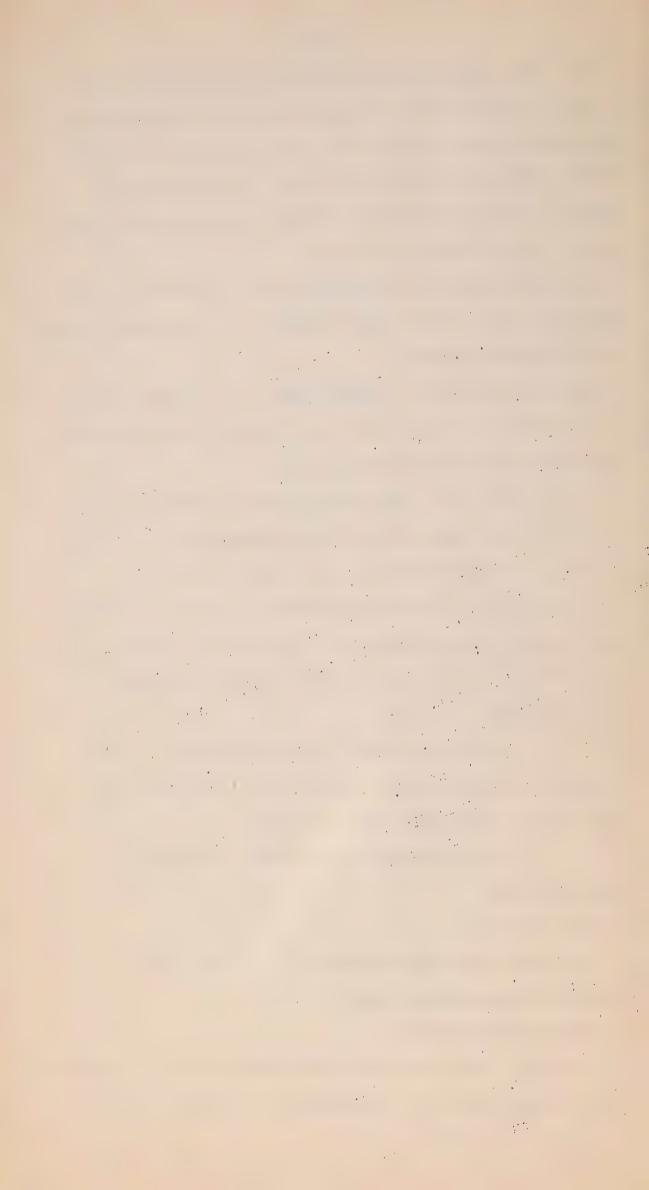
MR.LITTLEJOHN: The Commission credits the insurance fund.

TO THE CHAIRIAN:

Q. You would have got interest? A. No, not from the Workmen's Compensation Board.

TO COMMISSIONER HARRIS:

Q. Don't you think that \$500,000 should be put in a separate fund and kept there? A. That would be a matter of policy



for the Commission, I cannot answer as to their policy.

- Q. You have some opinion on it? A. Well, I do not care to express it under these circumstances.
- an opinion on these important matters? A. Mr. Pope is the head of the Insurance Department and I work under him. I have no doubt, if the question was put to him, he might answer it.

 Q. This is a matter entirely apart from the operation of the Hydro. It is a fund built up to take care of accidents that may occur in an enormous undertaking like Hydro and that fund should not be drawn upon by any other Department? A. That matter comes under the policy of the heads of the Commission does not
- Q. When any one of the under officials are asked questions of that kind they always says "We have nothing to do with policy"? A. No, we have not.

it? They are the ones who should say about that or express

TO COMMISSIONER HAMEM:

an opinion.

- Q. I suppose you would give your opinion to the Commission if they ask you? A. Yes, if Mr. Pope would ask me what I thought about it I would be at perfect liberty to tell him what I thought.
- Q. What would you tell him? A. I cannot tell you until he asks me.

TO THE CHAIRMAN:

- Q. You cannot tell us what you would have told him if he had asly you? A. Yes, that is practically it.
- Q. I think there is something in your objection? A. It is a matter of policy and that has got to be left to the Commission.
- Q. Don't you carry your own casualty insurance except up at

Windsor? A. On all our railways.

- Q. Why do you have a different system at Windsor? A. we insure all our railways in the same way, there is no distinction between Windsor and the other railways.
- Q. Your own work outside of railways? A. Our accidents are carried under Workmen's Compensation in the way I have explained to you; we do not carry any public liability on the Hydro System.
- Q. You do not insure yourselves against that? A. No.
- Q. Why should you adopt a different system with the radials than your other undertakings? A. That comes down to a matter of policy again.
- Q. Speaking as an insurance man, what would you say about that? A. We have had very little loss in public accidents on the Hydro Commission.
- Q. You do not carry any reserves to meet any accidents?
- A. There is a contingency account. I do not know what that account comprises.
- Q. Do you know, Mr. Lucas?

MR.LUCAS: No. I do not.

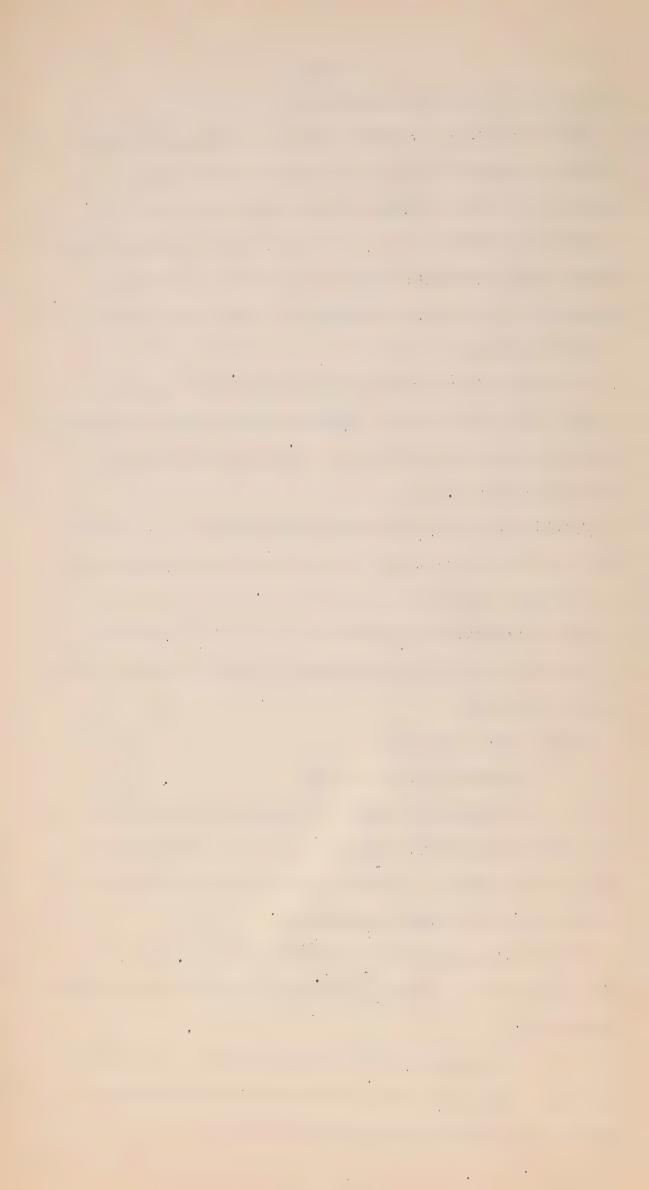
COMMISSIONUR MARRIS: What policy do you pursue under the Ontario Power Company? A. That comes in under Mydro in the same way. That is part of the Mydro Commission; it is owned by the Mydro Commission.

Q. It is being operated as a separate Company in every other respect? A. That is just more a matter of bookkeeping and policy.

COMMISSIONER HAMMY: Policy again? A. Possibly,

Fr. Haney. They keep that separately in their accounting. I

suppose the accounting Department will tell you their reasons.



- Q. That is operated as a separate company and I would think the Workmen's Compensation Act ought to apply to that Company
- A. They allow that to go in with the regular Hydro.
- Q. What do you do on Central Ontario? A. It is in the same way.
- Q. That does not belong to Hydro? A. It is operated by Hydro, it comes in in the same way.

TO THE CHAIRMAN:

- Q. Do you have casualty insurance on the Peterboro Street Railway? A. Yes.
- Q. It is part of the Central Ontario System? A. Yes.
- Q. You made an exception of that? A. No, we carry casualty insurance on all our railways.
- Q. You do not carry any of the rest of the system in Central Ontario? A. We carry public liability in Central Ontario but we do not carry public liability on the Hydro System itself.
- Q. Why do you do that in Central Ontario? A. Because we have the distributing systems in the towns and there is more risk than on a transmission line.
- Q. That is part of the Central Ontario System that you do insure? A. Yes. we insured public liability there.
- Q. Do you have anything to do with the insurance on the local distributing system? A. No, the municipalities do that.
- Q. Who issues the policies to you for casualty insurance?
- A. The Toronto Casualty Company, they are covered now by the Toronto Marine & Casualty Insurance Company.
- Q. Is that the Company that issues the policies on the Windsor Railway? A. Yes, they are all sarried on one policy.

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- Q. What share of the commissions have they been paying you?
- A. Five percent, that is only recently. I am speaking now of what they are carrying at the present time, since we got down to that insurance.
- Q. What firm is that with? A. A.E. Wilson & Co., the Toronto Casualty & Marine.
- Q. Why should not the Ontario Hydro broaden out and take care of all the insurance for the different municipalities; that is what the Methodist Church does? A. You don't want to hunt trouble for them?
- Q. You want to save the municipalities all the expenditure you can?

MR.LUCAS: Practically all the municipal systems comeander the Workmen's Compensation Act.

- Q. Wilson & Company pay you a higher commission than that?
- A. I will explain that; they were paying us 10% on a 3% rate, which is the tariff rate.
- Q. They pay you 12%? A. That is fire, and the 15% is burglary and casualty, and they were paying us 10% at that time.
- Q. I have it 5%, 12%, 15% and 20%? A. They paid us 10%.
- Q. They paid you as high as 20%? A. They paid us 10% on railway accidents, when we were paying a premium of 3%.
- Q. That is a pretty high premium? A. That is the tariff rate for that sort of thing. Mr. Woodland will back me upon that, I think.

IR. WOODLAND: Three per cent is a very low rate.

It is a bad business, we would not handle it.

MR.LITTLEJOHN: I got that cut down to 2% and then we had to split the commission. They offered us 2.10 in the first place with 10% of the commission, and then we

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decided to adjust it and we said "Make it 2%, make it as low as possible for the railway, and we will split the commission," and now it is a 2% rate and a 5% commission and that is much better than 3% rate and a 10% commission.

- Q. They were paying $12\frac{1}{2}\%$? A. That was on fire.
- Q. This must have been before they were doing any other business? A. It was 10% on railroad accidents, 12% on fire, 15% on ordinary accidents and 20% on guarantee.

 And that was when we were paying 3%.
- Q. The ordinary accident was 15%? A. Yes, that includes burglary and stuff of that sort.

THE CHAIRMAN: Is there any question you want to ask, Mr.Lucas?

MR.LUCAS: No.

GEORGE T. CLARKSON.

THE CHAIRMAN: Is there anything you know about these subjects, Mr. Clarkson?

MR.CLARKSON: Just two or three things. I have not anything particular to say about it.

- Q. Your name is not on the list of those getting a rebate?
- A. No, I am sorry. As far as carrying their own fire insurance is concerned, Mr.Littlejohn said his idea was that they should build up a reserve fund and then start to carry their own fire insurance. I would merely point out that they have no power to build up a reserve fund so that they cannot start out on the premise that he gave.
- Q. Have you ever calculated how they would come out?

 A. No, I have had no reason to do it, but speaking personally and off-hand, I should say it is a very dangerous thing to do

under the present state of affairs. Take the Ontario Power plant or the Toronto Power Company plant where they have a big concentration of capital. This premium of \$140,000 a year will, I think, be very largely made up of excessive premium payments because of the Chippawa and Nipigon development. I do not know what the exact figures are but I should think the premiums would be very much lower now, unless it is augmented by the Toronto Power Company insurance. On a leeway like that I think they should be very careful in considering carrying their own insurance. It would take them a long term of years before they would get sufficient funds to protect them against one big crack.

Q. Would you consider it likely that self insurance would work out less favorably in an undertaking of this kind than an ordinary undertaking? A. That is a matter for careful consideration of the facts. It would be necessary to consider the facts on one hand as to what the losses would be as compared to the premiums paid, and secondly to consider whether they were prepared to take the risk. In a public undertaking of this kind I would say that unless there was a very ample margin that with such a large concentration of capital, it would be a very dangerous thing to do. It is wholly a matter of policy for the Commission and I do not think they would be willing to embark on it until they had gone into it extremely carefully.

Q. You think it would be risky? A. I would not recommend it until they had all the facts, and even then I would be very doubtful about it.

COMPUSSIONER MARRIS: These things are always built up gradually? A. When you take a big industrial concern,

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with lots of resources, from which they could set aside a reserve fund, they could start it off right and they could carry on. Here they have no reserve fund, and they would have to start off on bare bones with the mere annual premium, Q. Where the risks are scattered, like the Central Ontario

- Q. Where the risks are scattered, like the Central Ontario System it might be different, but in taking a risk like the Toronto Power Company or the Ontario Power Company, that would not be done unless they felt they were pretty safe?

 TO COMMISSIONUR HAMMY:
- Q. They insure now against accident in the case of the Ontario Power Company? A. I do not know what they do.
- Q. Mr.Ross describes them as suicidal? A. Yes.

TO THE CHAIRMAN:

- Q. Was Hydro insured against that accident that took place at the Ontario Power Company last April? A. No.
- Q. Not any part of it? A. No.
- Q. Could not they get insurance on that type of accidents?
- A. I suppose they could.
- Q. Could you get insurance on a generator that burns up?

 A. Yes.
- Q. From an internal cause? A. From any defect.
- Q. I remember years ago you could not get that insurance?

 IR.LITTLEJOHN: It came into force in this country
 about March of last year.
- Q. Then today you can insure a generator against committing suicide? A. Yes.
- Q. Then it follows that all damage is insured? A. Yes.
- Q. Why was not the Ontario Power Company insured against that loss last Spring?

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Q. You could have insured against that? A. I do not remember it being discussed.

- Q. Was the Ontario Power Company insured before Hydro took
 it over? A. I do not know about that. We figured on the
 generators at the Queenston Power house and we found the
 rates very high on these big generators. I forget the amount,
 but we had to lay it aside to see what the future would
 bring forth.
- Q. Was there any discussion as to whether the Ontario Power Company's plant should be covered by insurance? A. No, not against accidents of that sort.

COMMISSIONER R.A.ROSS: Supposing you insured a generator in the Chippawa station and you found that the actual damage is so light in comparison with the consequential damage that it would hardly pay to insure it?

MR.LITTLEJOHN: We found the rates were too high for the damage to the machine itself. I think the Insurance Companies were scared by the size of the generator.

Q. That ought to scare you from any idea of Hydro insuring itself on this plant? A. I do not want them to do it until they have sufficient funds to take care of all chances.

MR.CLARKSON: You understand the basis upon which they have carried the insurance fund, they have simply put by little by little as they estimated the premiums they would have to pay to the Company and they put that into a fund. With respect to the Workmen's Compensation liability, they have charged the same rate as they would have had to pay the Compensation Doard. That fund is absolutely solvent, and a

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little bit more than solvent, because of the profits they have made in minor directions. The funds is perfectly safe. The questions you raise as to whether it should be handed over to the Workmen's Compensation Board or held by Hydro, the difference is this, that there may be some saving by Hydro holding this fund. As far as we are concerned, the Act says that the Hydro Commission may insure its workmen, We considered the matter very carefully.

- Q. That would not apply to the Workmen's Compensation Boari? A. No, it is in a general clause, and we considered, after looking into the matter, that they were within their powers in carrying on their insurance the way they are carrying it. As to the manner in which they carry it that is purely a matter of policy on the part of the Commission. TO COMMISSIONER HARRIS:
- The Worlmen's Compensation Act is a special law? Q.
- Yes, the Workmen's Compensation Act, but as far as the funds are concerned it is all right.
- You have \$500,000? A. I do not know off-hand, whatever the report says.
- Is there any liability against that \$500,000? Q.
- If a man has an accident he is entitled to compensation, you value that compensation for the time being, and that is included against the fund as a liability.
- It is for that reason that I think that particular fund Q. . ought to be in an account by itself.
- It is in an account by itself. A.
- Where is the money? A. The money is in a pot, it is 0,. in their general fund, the same as anybody else would carry a fund of that kind,

- Q. You would not carry it in a special fund? A. Do you mean invested in securities? If you want to be ultraconservative you could, but I do not see any harm in leaving it the way it is.
- Q. The Hydro might take that \$500,000 and invest it in the purchasing of another plant? A. No, they cannot purchase another plant unless they get authority from the Government, and then they borrow money from the Government to pay for it.
- Q. They might take money from this fund and make expenditures, they might ask for \$5,000,000 and overrun that amount by \$500,000 and use up this fund for that purpose? A. No, things are tied down so that they are not doing that.
- Q. They were doing that? A. In one or two instances, yes; but generally, no.
- Q. They won't be allowed to do that in the future?
- A. Things have been conducted for the last three years differently you have one or two cases, the Central Ontario and the Radial, but outside of that there is little.

MR: EUILFOYLE: They have this sum as working capital and all their liability is \$20,000.

MR.CLARESON: I do not see any reason for investing that fund.

THE CHAIRMAN: You think the people for whom it is held are perfectly safe? A. I do.I think it has been difficult for the Hydro Commission to make 20% on this insurance, without stating an opinion, you ought to take the evidence of an Insurance Agent with regard to that. I do not think it was possible.

Q. Why not? What difficulty would there be in sending the

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insurance direct to the company? A. I think if they were appointed General Agents, it would be a general agency for one or two companies.

- Q. There are a number of General Agents who are getting 25% commission? A. I would like to have that in evidence, I mention it because I do not believe it is true, I do not think so.
- Q. We have asked all these people to tell us what they did get, and they won't, and I do not think it is worth while subpoening them? A. It is outside my purview but I do not think you could get 20% cormission.

MR.LUCAS: I have had several conferences with Col.Carmichael and Mr.Gray as to the method under which we were benefited by these rebates on the Commission and Mr.Gray pointed out to us from time to time that he doubted the propriety and legality of these rates, and he was bringing more or less pressure on us to drop it altogether, and some correspondence passed between us and Mr.Gray. That was prior to the Dominion legislation. Then it was made very strict under the Dominion legislation of last year, so that the trouble with the Hydro has not been to get more commissions but to be allowed to proceed and get the commissions we have been getting. Now we are apparently up against a stone wall and unless the legislation is changed, we will not get the benefit of any commission.

TO COMMISSIONUR J.A.ROSS:

Q. As long as you could get some commission, it was your duty to get it, as longás the Department winked at the interpretation of the law, you were quite free to get what you could? A. To get what we could and we went on in that

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Q. The burden was on them? A. They were asking us for legal opinions, and they were pointing out the irregularity and finally the point came when they did not continue the license and there is no doubt now, we are out. And no one can argue on the law that we are entitled to a license, and unless there is a change in the legislation we will get no commission at all, and that is what I want to make clear. I think there would be a great difficulty in Mr.Littlejohn going out and getting a general agency and doing all this work.

TO THE CHAIRMAN:

- Q. He did not go out and try to get a general agency?
- Q. I think it was a very delicate situation.

TO COMMISSIONER HARRIS:

- Q. I think a very delicate situation has arisen?
- A. We got stopped.
- TO COMMISSIONER R.A.ROSS:
- Q. You are \$39,000 to the good?
- A. Yes, we did that much,
- Q. If you had pushed the situation a little harder, you probably would have been stopped then?
- A. Yes, that is the point I am trying to make,
- Q. You have done just as a business man and a provident man would have done? A. Yes.

TO THE CHAIRMAN:

Q. You might have been stopped sooner? A. Yes, if we had been more aggressive we would have been stopped sooner.

---Adjourned at 1:30 P.M. until 2:15 P.M.

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---2:45 P.M. RESULED, March 9th, 1923.

Present:

W.D.GRIGORY, Esq., CHAIRMAN,
M.J.HAMEY, Esq., Commissioner.
R.A.ROSS, Esq., Commissioner.

J.H. J.BOWER, Esq., Secretary of the Commission.

I.B. LUCAB, Esq., K.C., representing the Hydro Electric

Commissione of Ontario.

SAMUEL PRICE, called.

TO THE CHAIRMAN:

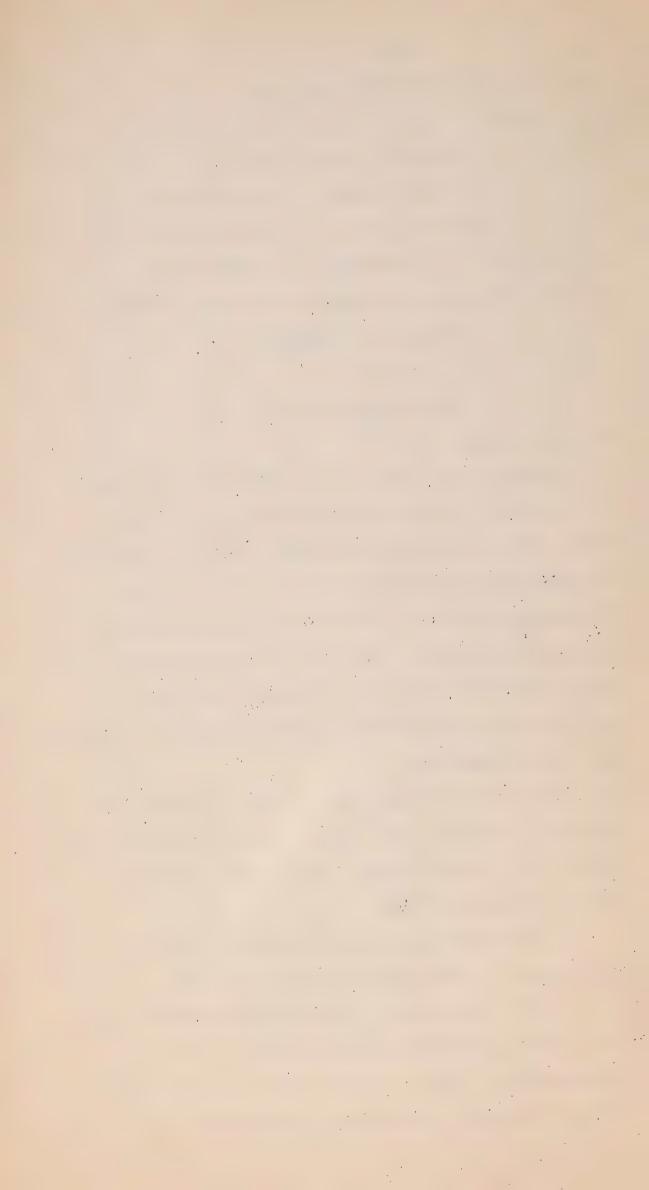
- Q. You were not here when the evidence was being taken this morning. We took up the attitude of the Hydro Electric Power Commission of Ontario toward the Workmen's Compensation Act or toward the administration of it.

 We understand that they collect the contributions and they keep them, but they give them to you at certain intervals, so that you now issue cheques for them?

 A. Yes, they supply us with a carrent fund out of which we make all the payments.
- Q. They said they could make more out of the money by keeping it in their hands than they could by putting it in yours? A. I could not say. Our schedule yields 6% that is the rate for 1922.

COMMISSONER HANLY: Would you pay that 6,2 to the Hydro fund? A. Yes, they would have got that.

THE CHAIRMAN: Q. Perhaps you had better tell us in your own way whether you think it is best to continue things just as they are now, leaving the fund to be administrated by the Commission and leaving you to



pay the rates as they pay the money in?

- A. I do not know as to which would be best, Mr. Chairman, but they are doing what is ordinarily being done by all municipalities; that is to say, we have not asked municipalities to make capitalized deposits. We have let them provide us with money to make the payments or a great many of them make the payments themselves direct to the injured man or the widow
- Q. When you say capitalized deposits you mean the fund set aside to meet compensations and so forth? A. Yes.

 Cf course in the ordinary payment of temporary compensation to a man who gets injured and comes back to work, they are all dealt with alike; they provide us with the money to make the payment; we have a running account with them. They give us the account to start with and der an we ren/ account weekly of everything we pay out and they replenish the fund.
- Q. So you always have sufficient balance on hand to meet any claim? A. Absolutely, yes.
- Q. Do you think it would be better for them to have the Act administered entirely by you? A. Well, we really administer the Act, Mr. Chairman, but they hold their own moneys.
- Q. That is all? A. That is all.
- Q. That is all the difference? A. Yes.

COMMISSIONER HANLY: The same as the municipalities?

A. The same as the municipalities; in fact they do better than the municipalities because they provide us with the fund and let us pay; most of the municipalities pay the

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workman or the widow themselves.

THE CHAIRMAN: They do? A. Yes, we do not even handle the money; they send us a receipt showing it has been paid.

- Q. Is that in compliance with the Act? A. Partly.

 We made the regulation regarding that, allowing the municipalities to do that, in the early history of the Act.
- Q. Of course they keep more than the capitalized value?

 A. I do not know. I am not sure what they keep. We provide them with the valuations according to our own system, the same valuation that we would set aside; we provide them with these figures; what they do with the figures, I do not know.

A. They simply provide us with a current fund out of which we pay everything for them - all compensation, temporary compensation and pension payments, and render an account to them every week, or rather a statement showing the standing of the fund.

THE CHAIRMAN: I understand they show in the statement they gave us, a surplus of \$590,809.96; and a set off against that, of outstanding claims \$174,003.96; provision to cover awards and pensions as per valuation Workmen's Compensation Board \$392,735.82; sundry accounts payable, \$5,700; net surplus \$18,370.18?

A. I do not know anything about these figures except that they have been getting yearly from us a valuation of the pensions, and they have also got from us when we could give them, an estimate of the outstandings. They



have not got that from us this year yet because we have
been so busy, we have not been able to prepare it, but
they have asked for it. I have the details of the
pensions—standing on the 31st of October last.

Q. This is up to October 31st, 1921? A. Yes. I have
the outstanding pensions as of October 31st, 1922. We
rendered that statement to them?—There were 90
cases on which pensions were then standing; 145 dependents,
including 36 widows, 57 children, 51 workmen, 1 father.
That was their pension list according to the Last they
gave us.

COMMISSIONER HANEY: Have you the figures at all?

A. Yes, I have a copy of what we rendered to them. They
first give us a long list, then a smaller supplementary
list, and these are the two.

MR.LUCAS: Mr.Littlejohn tells me the exact amount as advised by the Workmen's Compansation is set aside.

WITNESS: Each case is there but we have not totalled it; we had no occasion to do that.

THE CHAIRMAN: I suppose, Mr. Lucas, if you did not have this money, your requirements from the Government would be that much larger?

MR.LUCAS: Exactly.

Q. And you have been paying a little over 6% to the Government? A. Yes.

THE CHAIRMAN: If you administered that, Mr. Price, how much of this would you get and they keep back sufficient to meet the capitalized liability?

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- Q. If we had administered it like we do the schedule 1. cases, the total of those figures would be what we would hold as of that date. That is, we would hold the total of that rather than they.
- Q. That would amount to a substantial sum?

MR.LITTLEJOHN: I think about \$515,000; I think \$450,000 on the first two long sheets and \$62,0000 or \$63,000 on the other.

THE CHAIRMAN: It really resolves itself into a question if it would be more in the public interest to have the funds administered as they are now by the Commission or by the Workmen's Compensation Board, does not it? A. Yes,I think it is a matter of policy, though,Mr.Chairman.

- Q. In what respect? A. It does not affect the administration of the Act. It is just as good for the dependants and the workmen one way as the other.
- Q. Just as safe? A. Just as safe, although we are always willing to receive and hold the money and handle it.
- Q. How do you invest your money? A. In debentures largely and war loans exclusively those are our investments. We always have a list in our report showing our investments. This is our old report.
- Q. They pay a share of the cost of administration by you?

 A. Yes.
- Q. They pay their full share of that? A. Yes.
- Q. You base that upon the amount of work you do for them annually? A. We figure it on the number of cases handled; we take the total administration expense, credit



the \$100,000 provided by the Government of the Province toward the expenses and divide the rest pro rata according to the expense.

commissioner handy: Q. The number of accidents, not the amount of money involved? A. The number of accidents. We distinguish. A daugh case we call five units; permanent disability case, three units; and an ordinary temporary disability case, one unit; because of course we have much more trouble handling a death case and permanent disability cases than temporary cases. They pay their share just the same as the railway.

- Q. Is that paid annually? A. Yes.
- Q. In dealing with the railway, do you get the money from them en bloc or do they pay it in the same way as the Hydro? A. No, we get deposits from the railways except the Government railways. Just the other day we receivednotice from the Canadian National that they do not wish to deposit with us any more and would handle their own funds.
- Q. The C.P.R. does? A. Yes.
- Q. Is there any other feature of the administration of this fund by the Commission which you would like to say anything about, Mr. Price? A. I do not think of anything, Mr. Chairman. Things have gone along very smoothly and satisfactorily as far as we are concerned, with them. They have always been sympathetic toward the Act and anxious to co-operate.
- Q. They have always kept up their deposits with you?
- A. Absolutely; I wish they were all as good.

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Q. How does the Provincial Government deal with these liabilities; does it follow the same course?

A. The Provincial Government, Sir, except the Northern Development Branch, is not really under the Act at all. They voluntarily refer cases to us, and I think as a general practice that they do refer all cases, but it is purely voluntary and we do not deal with cases unless and until they do refer them. Then we fix the amount of compensation as in an ordinary case, and they themselves make payments. We do not make payments.

COMMISSIONER HANTY: The Temiskaming, I suppose, comes under you? A. It is very similar to the Hydro.

They do not give us deposits either.

THE CHAIRMAN: Who appears before you on behalf of the Hydro Commission? A. We have dealt chiefly with Mr. Littlejohn.

Q. Do you ever allow Mr. Lucas to appear? A. I think
Mr. Lucas on one occasion appeared. I can only recall
one occasion, and Mr. Pope has been to see us different times.

MR.LUCAS: I was there on behalf of the Commission - claims against the Commission.

C.M.J.WOODLAND, called.

TO THE CHAIRMAN:

- Q. Are you an insurance agent or an insurance expert?
- A. I am an insurance General Manager.
- Q. You have heard the evidence given here this morning on the question of insuranne. Can you enlighten us on the subject at all from the standpoint of an insurance

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man? Have you any opinion as to the best way in which the large insurance business of the Commission should be carried on? Would you say that the present system followed is the best that could be devised? A. That is the system that has obtained in the Past?

- Q. Yes? A. No, I would not consider that the best system.
- Q. What changes, if any, would you recommend? What are the weak points or the strong points? A. The strongest point that I saw this morning was that the Hydro Commission got a rebate in the way of commissions to which they were not legally entitled.
- Q. That is the strongest point? A. That is the strongest point.
- Q. You think that might be increased a little? A. On good business principles it should not be increased but eliminated altogether.
- Q. What would they get in substitution for this? They have been getting about \$13,000 a year, how would you make that up if not from the insurance agents? A. I think if you had an expert insurance man to look after the details of the insurance, look after the general inspection of the plants, to deal with the C.F.U.A. the Canadian Fire Underwriters! Association in the matter of securing reduction in rates, that you would make more than the amount of commission that has been illegally handed over to the Hydro Electric.
- Q. You think it might be made up in that way and more than made up? A. Yes.
- Q. Just illustrate how you would do that? A. Under the old system, Mr. Littlejohn admits that he is not an insurance expert

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and he did not know an awful lot about the insurance business, An insurance general agent or a general agency through their organization have the most competent inspectors and have the facilities to make inspections that would make the fire hazard less, and would have a strong argument to put before the Canadian Fire Underwriters 'Association to have a reduction in the rates made.

COMMISSIONER ROSS: What would you have to pay that man? A. As an expert employed by the Commission or through general agents?

- Q. To carry out what you suggest? A. My own opinion is that it would be far better to operate through a well known and reputable general agency that had a man at the head of it that could give the time and attention necessary.
- Q. He would be an employee of the Hydro? A. No,I do not think I would suggest that the Hydro would appoint a man on salary.

compensation? A. He would get his compensation in certain percentage of the gross amount of insurance placed. I think he would be well satisfied with that. He should be liberally treated; if he looks after all the details he ought to be well treated and pretty liberally treated in the amount of business directed his way.

THE CHAIRMAN: He would have just a certain proportion of the business, not all the business? A. Oh, no, a certain proportion, and at the present time I could not say what that percentage might be.

Or That is, you would put the insurance business in the hands of a firm of general agents who would have their experts and

who would look after it and look after the business and see that the rates were brought down to the lowest possible point, and they would know what changes to suggest or have brought about in order to secure that reduction? A. Yes, that is my idea.

- Q. Then they would charge the Hydro nothing for this service, but they would get a certain amount of business and would get their commission on that business; that/would be sufficient compensation for them? A. That is my view of the matter.
- Q. They would look at the matter from the standpoint of the insurance companies as well as the standpoint of the Hydro, perhaps more because they represent the insurance companies, and it is to the interest of the insurance companies to get as high a premium as possible. Would not a man in the Hydro, having no one to look to other than the Hydro be more apt to fight for lower rates than an agent who would reduce his commission by so doing? A. Not in practice. As a matter of fact, the salaried man employed by the Commission, in my opinion, would not have anything like the influence the man disassociated altogether from the Commission would have.
- Q. In what respect would he have the influence?
- A. He is an employee, and he goes down as an employee, not as an expert who has the knowledge of an expert, and I do not think he would have as much influence nor that he would be able to bring as much pressure to bear upon the rate as the general agency system that I suggest.

commissioner Ross: Are there any insurance experts, so called, that are not connected with companies or agencies that are giving advice, such as consulting engineers?

A. There are men who contract to give advice on insurance

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THE CHAIRMAN: There are some experts?

- Q. Yes, there are.
- Q. There are some expert adjusters? A. I do not know what their relations with the Canadian Fire Underwriters!

 Associations are, nor whether they would be able to accomplish as much as a general agency.
- Q. You think one who has a general agency business would have more influence with the Fire Underwriters' Association than one not carrying on business? Would it be because they control a certain amount of insurance? A. No,I think it would be the service they can give. Their efforts would be concentrated on improving the conditions of the plant, and they would be able to bring greater pressure on the C.F.U.A. in order to get a reduction in rates.
- Q. What I want to know is what that greater pressure is?

COMMISSIONER HANLY: Knowledge of the business?

Q. Knowledge of the business. As to these experts or alleged experts, I cannot say very much. At the present moment I could not name any particular insurance man who calls himself an expert on insurance who would qualify as an expert.

THE CHAIRMAN: You think you can get a higher quality of expert connected with the business than one who is not? A. Yes.

commissioner Hanly: If you got some from a general agency, would not he have some inclination to lean towards a higher rate? A. I think you will find that the insurance agent, whether he is a broker or whetherhe is a special or a general agent, is always trying to get the rates

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down as low as possible.

Q. So as to make the risk as safe as possible? A. If he gets a lower rate, he holds the business, and it is an incentive to get it down to the lowest possible point.

THE CHAIRMAN: So he would have as strong an incentive to get the rate lowered as an employee would have in order to retain his position? A. Absolutely.

- Q. One would be as strong as the other? A. One would be as strong as the other.
- Q. Has the Fire Underwriters' Association rules? A. Yes.
- Q. And an expert knows them all and knows how to come within these rules and get the lower rates. Can you illustrate how, by spending a little money, a substantial reduction in rates can be secured? A. There are so many various ways. Possibly I might just cite one. In a plant where there are connecting rooms and a wooden door and the transom open everything that would invite conflagration from one room to the other if an inspector or an expert on insurance could point out if that door was a metal door and that transom was closed, or there was no transom, so that a fire might be stopped at that particular wall -
- Q. Then you would secure a substantial reduction in the rate on that building? A. Yes.
- Q. That would be a very trifling expense? A. Very trifling, and that is being done all over the Continent. There are perhaps 101 different ways in which the rate can be affected by the condition of the plant so as to keep it up to the best condition possible to avoid fires.
- Q. Inflammable material lying around it would affect the rate?
- A. Yes, and it should be kept away where it can do no damage.

- Q. I suppose one of the means by which insurance is lowered is perhaps by the installation of a sprinkler system?
- Q. That is the principal way in which a reduction is made.
- Q. These are just one or two out of a multitude? A. Just one or two out of a multitude.
- Q. It would depend upon the character of the building and the character of the work carried on? A. Exactly.
- Q. Perhaps a man might have insured a building for use for a certain purpose and continued paying premiums for that use, although it was used for another purpose, and the rate would not be nearly so high? A. The purpose for which the building is used enters into the rate very, very much.
- Q. Your idea would be to put the insurance in the hands of general agents, and have them place it and take charge of it?
- A. Yes,I think the work is so great that it would be impossible for an employee, though he should be an expert, to cover the work. He has so many things to do. All the general agent has to look after is the insurance, placing the risk, not only taking care of say \$500,000, but he has to look after the re-insuring of that so many companies in which that has to be re-distributed, that it takes a lot of time and information.
- Q. What would you think of the advisability of the commission insuring itself? A. Self insurance? I think they would get a lesson in pretty quick order and get back to the legitimate way. I think that would be a very poor policy.
- Q. How is it, the insurance companies make money out of it, if insured with them, and if the ower sets aside the premium, he would lose money? A. The insurance companies make money?

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- Q. Yes? A. On the experience of the past year?
- Q. I suppose they would not be in the businessif they did not?
- Q. Lots of companies have lost over 100%; they have reserves and have lost them. One year is good and another bad, and on the average they are satisfied to make a fair profit.
- Q. Mr.Littlejohn told us in Central Ontario they have had a profit every year through insuring, and they have had it running now sometime? A. Their own insurance? It is a small plant though. I do not think it would amount to an awful lot. There is not a lot involved.
- Q. I do not know the total amount of insurance, but there are a large number of undertakings? A. Of course that obtains in various companies here; they carry their own risk until there is a heavy loss, and they find it is not a safe way in which to protect their interests.
- Q. You do not look with a kindly eye on self insurance?
- A. Not because I happen to be head of a big insurance company, but I think the principle is rather a dangerous one.

 One may decide to insure his house, but he is taking a chance.
- Q. Would not the advisability depend largely upon the character of the property to be insured? For instance, if you had a number of warehouses filled with valuable goods, there may be very great risk, and you may lose more than you would save for many years? A. Certainly.
- Q. But Hydro with large concrete buildings, surely would be as little liable to loss from fire as any others, and they do not insure against accidents? A. Take the Hydro on the assumption that they would cover all their property -
- Q. All insurable property? A.All insurable property there was a fire loss in 1922 at Miagara Falls, if I remember correctly

and the loss was about \$270,000; that would eat pretty much into the fund established by the Hydro.

MR.LITTIEJOHN: Queenston Power House Fire in 1921.

MR.WOODIAND: You can imagine where the fund would go to with two or three of these.

COMMISSIONER HANLY: They ran about even on that, as T understand.

THE CHAIRMAN: One going through those power houses is impressed by the fire proof character of them.

It seems so to me as I was going through, and I would think they would be less liable than any other class of building. There is the danger of accidents as in the case of the Ontario Power House last spring, but that was not insured against at all.

commissioner haney: You spoke about one house as an illustration. Supposing I had a thousand houses in the Province of Ontario, would not it be possible for me to carry that insurance myself? A. Yes, it would be quite possible.

- Q. Would it be practicable? A. It would not be expedient.
- Q. If they involved a large amount of money?
- A. Possibly, yes, but on individual houses, the rate is so small,
 I should think a man who had that much investment would
 be careful to see he had that house covered.
- Q. But for the thousand? A. I think it would be cheaper in the long run because a couple of losses would pay for all the premiums.
- Q. The insurance companies must make their money by the spread of their business and the diversity of their business?

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- Q. Yes, that is how they do, and furthermore, the insurance companies if they get a heavy amount of insurance, no one company will carry that.
- Q. That is re-insured? A. If I am correctly informed by my fire insurance department, the risks in the Hydro are anything but desirable. A company is not any too keen for this class of risk. In general, on your powerhouses and warehouses where you store you goods, there is not much desire on the part of the insurance company to carry the risk.

 Q. The manner in which the goods are stored? A. Not necessarily, but from general experience in similar risks in other branches of business. Goods are goods whether they
- Q. Of course inflammable goods are always separated from the building or should be? A. Yes.

belong to the Hydro Electric or a wholesale house.

THE CHAIRMAN: What about casualty insurance; you have had a wide experience with that? A. Yes, I have had considerable experience.

- Q. And indemnities? A. Indemnities, yes, compensation.
- Q. Would you have that class of insurance placed upon these generators, so if one broke and a lot of damage was done, the company would be covered? A. I cannot really speak about that definitely. We do not write that class of insurance.
- Q. Who does write that? A.That is suicidal, as Mr.Ross said this morning.
- Q. That is perhaps not the subject of the suicide, not the consequential damage, but the actual damage done. For instance one generator might commit suicide, and in the course of that might do damage, as it atdat the Ontario Power House to other

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things - blew off the roof of the building and smashodother generators? A. As we are not writing that particular class of risk, I could not give you any information.

- Q. You do not know what that would cost? A. No, not the slightest idea.
- Q. Do any of the companies here write that? A. I do not know.

 THE CHAIRMAN: Do you know, Mr. Littlejohn?

MR.LITTLEJOHN: The Royal Indemnity and the Travellers; I know those two write it.

THE CHAIRMAN: Do they insure against suicide as well as the damage done? A. Yes. Of course the damage done is subject to the supply of power.

- Q. I am thinking of the direct damage? A. Yes, the direct damage.
- Q. Is the rate very high? A.We figured on that at Queenston, and it was too high to touch.
- Q. Do you know what it was? A. I do not remember the figures now, but on account of the size of the generators, it made the rate very high.
- Q. Do you put on the class of insurance in connection with the Windsor Railway?

WITNESS: We carry that class of risk, but not at the rates mentioned this morning.

COMMISSIONER HANLY: Higher rates? A.Decidedly.

Based on experience, it would be absolutely suicidal on our

part to carry it at less even though you may get through

a year or two years without any serious loss.

THE CHAIRIAN: Do you look on the possibility of loss there being greater than other places? A. I think it

would be just as great as other places of a similar size;
London, Ontario, of course is larger, but wherever there is an
electric railway - it is a class of risk that the casualty
companies as a rule do not care for.

MR.LUCAS: Q. Does your company carry any
Hydro risk? A. Not to my knowledge? A. Yes, I believe we have
a little.

- Q. Have you any present knowledge as to the rating of the Hydro risks? A. No.
- Q. As to whether or not they are getting a fair deal from the C.F.U.A.? A. No,I have not, but I can say,I have no hesitation in saying every effort is made constantly by these general agents, whether at Queenston or Niagara Falls or any agent in Toronto, to keep down the rates. As I pointed out there is an object.

THE CHAIRMAN: Cut down the rates and get more insurance? A. Yes.

MR.LUCAS: That is your experience - keeping down the rates? A. Yes, adequate rates. Of course to induce the assured to keep his premises in such a condition that he can get the benefit of lower rates.

- Q. Were you here this morning? A. Yes.
- Q. Taking the whole situation, was it feasible for Mr.

 Littlejohn to go out and make a direct arrangement with

 companies to carry this risk so as to earn the total

 commission? A. No, I do not think it was feasible. I

 do not know if Mr. Littlejohn could have handled the situation

 if he had gone out and interviewed the companies himself.

 Q. Do you think he could have secured the companies to

carry it? A. Not enough, - he could not do it. With his

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splendid experience of the work in which he is engaged - I know a little bit about it because I have had some business dealings with the Commission more particularly in times gone by - I think Mr.Littlejohn's hands are so tied with the work he has in the department that he could not give the proper attention to the work inside and at the same time the risks outside.

THE CHAIRMAN: You said just now that one firm of agents could do the whole work of the Hydro?

- A. That is their business.
- Q. But that is Mr.Littlejohn's business? A. He has not the expert knowledge that he could go to the companies and be persona grata.
- Q. I would think a man with so much insurance would be persona grata? A. With this particular class of risk,

 I think it would be more than he could handle. The spirit might be willing but the flesh would be weak, because he would never be able to get through.
- Q. I do not see why he should not be able to place insurance just the same as one firm of general agents?
- A. Of course you must take into consideration the contracts that the insurance companies have with their insurance agencies. For example, the head office at Montreal would have a general agent in Toronto, and under the terms of contract, all business must go through that general agency. Mr.Littlejohn might apply to this general agency, to accept a certain proportion of the business; he would not do any better by going direct to Montreal; they would not deal with him, but would direct him to their general agent.

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- Q. There are lots of general agents who do not know any more about insurance than Mr.Littlejohn?
- A. Yes, and lots of general managers too.
- Q. Do you know the firm of Beardmore & Company? A. I have heard the name.
- Q. Would you regard them as special experts on insurance?
- A. I do not think I should answer that, with all due respect.
- Q. They placedall the insurance for the Mackenzie interest that was recently sold to the Hydro, so Mr. Littlejohn told us; they seem to have had no difficulty in placing it?
- A. I do not know their modus operandi. I do not know whether they nominally handle business or whether it is looked after by somebody else; I do not know the conditions attached. Many times that line of business is given to the agent, and he gets the benefit of the commission, but that is all he has to do with it, and the inspectors at the head office or the inspectors of the general agency through whom he places the business, look after the details.

TO MR.LUCAS:

- Q. You say you have had experience with Mr. Littlejohn. Is not he a pretty competent man to be at the head of the Hydro Insurance Department? A. No, I do not think he is competent to look after the details.
- Q. I am not saying to act as general agent, but as an insurance man in charge of insurance matters of the Hydro?
- A. Oh, yes, I do not think you could get a better man to

 look after the necessities of insurance on certain plants.

 man

 I think he would be as good as any insurance you could
 get in.

where this money would have gone if Mr.Littlejohn had not got it? A. That is not the only question, but where did the money come from, and where the money might have gone?

4. That would be to the general agents through whom the business would be placed? A.I presume it would have gone to the general agents or the agents through whom the business was placed.

THE CHAIRMAN: That is a pretty safe answer.

MR.IUCAS: Now that you are here would you care to give us the benefit of the suggestion, how we can continue the good practice of the past and get some of it?

A. The illegal practice?

Q. Illegal, but good? A. I must say that I never appreciated the attitude of the Hydro Commission doing business in that way. I contend if that institution has the right to have an employee get a license and get the commission on business, then every wholesale house in Toronto, and every retail house in Toronto, and the Methodist Church - Mr. Haney would agree with me - should have a like privilege in sharing in the commission.

THE CHAIRMAN: Do you think that is a bad example? A. I do not think it is good business; it is not fair competition.

- Q. Do you think Hydro would be better off without that?
- A. I think it would have a better conscience.

COMMISSIONER R.A.ROSS: Don't you think you have a close corporation, that is, the insurance people?

A. No,I would not call it a close corporation because we

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are so checked up by the Government and public opinion that we cannot ever be a close corporation. We are at the mercy of the elements.

MR.LITTLEJOHN: It would not have hurt your conscience to have gotten that \$35,000, would it? It did not hurt mine? A. The principle is wrong. Of course if the law is made that anybody can have it, why then that is a different matter.

MR.LUCAS: I suppose what you mean is that if it is open to everybody, then there are oppositions that would follow? A. Yes.

THE CHAIRMAN: The Hydro is more or less of a public body; it is a bpublic body? A. Yes.

- Q. Don't you think there might be a different standard?
- A. The insurance companies pay taxes, and we have to support the Government; surely we ought to have a little of the business going around.
- Q. Hydro do not pay any taxes? A. The insurance companies; it comes back to the country after all.
- Q. You might say everything comes back to the country. The question is: How does it come to the country? A. The tax that the companies have to pay to the Government, to say nothing of the services given by the companies direct and through their general agents and inspectors and so forth.
- Q. It seems to make a difference the standpoint that one looks at it? A. It is a case of live and let live, Mr. Chairman.
- Q. It does not seem to have hurt Mr.Littlejohn's conscience at all to have taken it?

MR.LITTLEJOHN: I do not think it would have hurt
Mr.Woodland's conscionee either.

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THE CHAIRMAN: You are not shaken in your belief that the best way to deal with it is to put it in the hands of general agents to look after it and have the advantage of their expert knowledge? A. The benefit of their expert knowledge, and I would couple with that, the knowledge of Mr. Littlejohn who knows the details.

MR.LUCAS: That means, Mr.Littlejohn to remain locally in charge of the Hydro and place it through a regular authorized agency, without sharing in the commission, of course? A. Without sharing in the commission - through local authorized agents. If it had to be divided among a number of general agencies, of course, the question would turn on the insurance to be given out to the different companies, I think that should not rest with the general agency. I think that should be decided by the Commission.

Q. As to where it should go? A. Yes, they should say they should place it with such and such companies.

THE CHAIRMAN: You think what the Hydro would gain by having the services of experts at their disposal in looking after their insurance would more than equal the amount they now receive in the way of return in commissions?

A. I feel quite sure that would be the case.

E.L.McLEAN, called.

TO THE CHAIRMAN:

- Q. Have you had some experience in placing insurance?
- A. Yes, Sir.
- Q. I understand that you look after the insurance for the Toronto Transportation Commission and for the Toronto Hydro?

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- Q. That is correct.
- Q. Tell us your plan of operation and what you have done and are doing and the results to the commissions respectively?

 A. We look after all the business of these two commissions.

 We are responsible to them for securing of rates and proper and adequate cover. We get a certain percentage of the business. They specify as to where and to what companies or agents or whatever it may be, the balance should be placed. We inspect the business, check the plans of new buildings, watch any new ideas that are coming up either here or in the States regarding improvements on buildings or rate schedules, and generally watch everything for them, the same as they would in any other department. It does not cost them anything.
- Q. You do not receive any salary for it? A. No remuneration except the commission on the business we place, and the same would have to be paid to the company or through an agent; there is no other remuneration in any way, shape or form. We have been reasonably successful. I do not like to talk of these things.
- Q. We want you to talk of what you have done?
- A. We have saved both commissions very large sums of money T do not know what it would amount to.
- Q. What is the total insurance placed by them? A. I think that is confidential information that I cannot divulge. We saved this year on the new schedule adopted in the States by the Electric Bureau over there, and which we got the Underwriters to adopt here that means a revision going through now of about 10% in their premiums, for the Toronto Electric this year, which means a very substantial sum.

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- Q. You did not make that schedule? A. No, Sir, but we used enough influence and got our companies interested in it enoughto see that it was brought in here and adopted by the Underwriters' Association.
- Q. You knew about it? A. Yes, we keep in touch with all electric operation on the other side, and sometimes we get an idea here that they have not there, and if we get a good idea there, we use it here. They have a very much larger volume of business, and sometimes they get information over there that is very interesting to us.
- Q. By keeping closely in touch with what is going on in other places, you are able to use that knowledge to get reductions here? A. Yes, the reason we have to do that: if we do not do it, there are other good agencies here that would be doing it, and therefore, we would lose the business, so it is up to us.

COMMISSIONER HANEY: Woodland might get it?

A. Yes. Self-preservation, that is all it is.

THE CHAIRMAN: You have an incentive to do the best you can? A. Yes, it is a question of self-preservation. I know one case where by the expenditure of \$25,000, they got a rebate in reduced rates of about \$11,000.

- Q. A year? A. Yes, Sir.
- Q. That would insure a permanent reduction of \$11,000?
- A. Yes.
- Q. By spending \$25,000? A. Yes.
- Q. That would be a profitable investment? A. Yes, I think before we finish with the Transportation Commission, we will get their rolling stock down to about one-third of the rates

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COMMISSIONER HANLY: You have better care?

- A. There are other things besides the question of better cars.
 - THE CHAIRMAN: The place in which they are kept?
- A. Yes, the buildings. They are kept in better places, with sprinklers with Menarch nozzels outside, and before we advised them to spend a dollar, we showed them what the saving would be in each individual case.
- Q. You come on the scene before the buildings are up?
- A. Absolutely.
- Q. And advised them of these devices? A. We see the plans of every building they construct before they are built. We are up against one question now. I saw the Underwriters!

 Association this morning to see whether they would advise them to do a certain thing in a certain way, because I have had hard work to convince them that we should get the rate we deserve. I think I have convinced them we should get it. It is a matter of education to them.
- Q. There are always ways to get reductions? A. We are learning something every day in our business.
- Q. Have you somebody on your staff attending to that?
- A. Yes, we have two men going all the time. In addition to that we go through every plant, no matter where it isor what it is, checking up all the time.
- Q. Have you any interest in the insurance that is placed with other firms other than your own? A. In what way?
- Q. I understood you to say you had a certain proportion of the insurance? A. We have many risks - depends on the size of them and as to what the business end of it is and certain

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things we may be asked. We have to get enough of it to make it a paying investment or we won't touch it. We do place these lines with other brokers or companies, and either free of commission or they pay us a commission on it. We could not handle the whole thing for either of these Commissions. I have seven companies and a branch office in Toronto. Talk about the idea of placing that line with Mr. Littlejohn - I think the idea was, Mr. Littlejohn, that we had to pay 10% or refuse the business, and I refused the business, because we folt we were not making anything out of what we handled, if we looked after the business and everybody got the commission back on the business they placed. It would raise the rates, because we would only get enough out of it, and they would have to pay us higher rates.

Q--Whom do you doal with in connection with the two
Commissions you refer to? A--The General Manager, and they
have an insurance man somewhat similar to Mr. Littlejohn,
and it is necessary to have such a man. From what I have
seen of Mr. Littlejohn, I think ha is perfectly sompetent to
take care of anything along that line.

Q--He is in the position now that he could not take this commission if you offered it to him?

A-I would not offer it to him. I thought I carned the money, and if I did not I do not want to do business.

Q--What do you think of the Hydro carrying its own insurance? A--I do not think it is feasible.

Q--Why not ? A--They have too much value in any one location, and there are certain possibilities and probabilities.

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They had a fire at Dundas, and they had a fairly serious loss. I think they had two or three fires.

COMMISSIONER HANEY: Were they insured?

- A. I do not think so.
- Q. Would they be considered suicidal? A. It would depend on the loss not they were not suicidal. That proposition is taken care of in two ways: If the fire occurs in a machine and goes to another machine, the company is liable; if it is a bad loss, it is very hard for the company to decide where that fire occurred, and we generally pay the whole loss. The total loss the Hydro had if it is found out I am not sure of course, because I never went into the figure and know nothing about their business but I know they had a fairly heavy loss at Niagara Falls; I think that was insured.
 - Q. At Queenston? A. Yes. When it is shown to them that they can secure rates commensurate with the hazard involved, on this construction work, I do not think they would consider insuring their own business. We cut rates from 12 to 25 per cent depending on how the sub-station is constructed.

 Q. So many of these buildings strike me as being almost absolutely fire proof? A. The buildings may be, but the contents are not. Electricity will do most wonderful things.

concrete building is somewhat serious? A. Yes. I can show you a picture of the Edison fire, and he is supposed to know something about electricity, and he lost about a million and a half in an absolutely fire proof building. It is peculiar stuff; it will twist and turn things.

Q. Of course we all know that a concrete will disintegrate when it reaches a certain temperature? A. Yes, and a lot of these buildings are built with unprotected steel.

Q. I tried to use concrete in a fire box and it went to pieces? A.Absolutely.

THE CHAIRMAN: If you had been an expert for the Hydro you might have been called in when they were constructing some of their big buildings? A. Yes.

Q. You think an insurance expert should be consulted before the building is put up? A. I trank we ought to be shown the plans, because their construction engineers may not know of certain charges in schedules that may affect the rate; if they knew it, the buildings would not be any more expensive to construct so that they would get the absolute minimum rate.

Q. Some of them keep abreast of this insurance? A. They do, Sir. I am not prepared tosay they do not, but we premarily find the oil switch is the most dangerous thing we have in sub station equipment.

THE CHAIRMAN: Mr. Littlejohn, how was it that Dundas Station was not insured?

MR.LITTLEJOHN: We do not insure any of the sub-stations.

Q. Is there any reason for that? A. They are always looked on as being fire proof, and a fire of that sort is looked after by their contingent account. They set aside so much per year for a contingent account to cover fires in sub-stations.

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- Q. That in effect is self insurance? A. Self-insurance.
- Q. Howhas it worked out? A. All right so, far, Sir.
- G. Carrying itself? A. I believe so.
- 4. What was the loss at Dundas? A. About \$75,000. Witness:
- Q. That is quite a lot? / 15 or 20 per cent rate.

MR.LITTLEJOHN: You are low in your rate.

The Fire Underwriters rate is 42 per cent.

WITHESS: I have insurance as low as 12 and 15.

MR.LITTLEJOHN: I had the C.F.J.A. inspectors

go over and make a new rate on it within the last two months.

WITNESS: Talking about the suicidal proposition, by a new clause that has just been adopted by the Underwriters' Association, they will pay losses on an individual machine, provide fire insurance on that machine, but we will not pay the first \$100 of any loss. This was just adopted three or four weeks ago; they have not decided on the amount of premium.

TO MR. LUCAS:

You follow your statutory conditions? A. Yes.

- Q. And cover it in that way? A. Yes.
- Q. Is not that the same as New York? A. Approximately;
 I do not know whether they have changed it or not; they
 are working on it, and it is something not generally known.

MR.LITTIMJOHN: The Canadian Electric Association are working on it and have been for three months?

witness: I have been working on it for a year and a half. It will take care of a lot of objections on sub-stations.

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ARREST CONTRACTOR AND THE PROPERTY OF SECURITIES AND ARREST CONTRACTOR CONTRA

COMMISSIONER HANEY: I take it one of the most important features is the construction? A. Construction and hazard has something to do with it in both cases. You can get different ways of taking care of your transformers. We put them in pits. We get no credit for all these things.

Littlejohn togive up these commissions; he does not seem to want to part with them? A. That is natural, I suppose.

Q. Do you think if an expert insurance man had to look after this, as you look after theother companies, he could save the Hydro sufficient yearly in premiums to equal or more than equal what they have been receiving out of commissions? A. That is too hard for me, because I do not know the volume of the business or the amount of business and the rates being paid, but generally when we go into it, we find we can save money. It would be an impossible proposition to answer; I have never looked over their insurance.

- Q. I did not think it would be possible for you to know exactly unless you did go into it carefully, but you have a general idea, have not you, from what you have been doing for the other Commissions. You ought to be able to make
- Q. What do you think of the advisability of having a firm of general agents, or to have an expert employed by the Commission itself? A. I do not think he could keep up to date, and it is going to cost them money when they can get that service absolutely free.

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- Q. You think he could not get any lower rates than a firm of agents? A. No.
- Q. And his salary would have to be paid? A. Yes.
- Q. And in the case of a general agent, there is nothing to pay? A. No. There is another incentive: we are earning money by keeping the business on a proper basis; we have the incentive that if we do not keep it there, we will lose money, and I do not think there is anything in this world that will make a man work than when he gets baid for the work he is doing in direct results for himself.

TO WR. LUCAS:

- Q. You represent seven companies? A. Yes.
- Q. You are a general agent? A. Yes.
- Q. I suppose Mr. Littlejohn chald not go to one of these companies and secure a rate to place risks and take his commission in full? A. Not if I know it.
- Q. If he had a license? A. Not if I knew it. You see, if we are making money for our companies - and that is what we are supposed to do and have been doing - it would not be fair for them to take this business over our heads.
- Q. I suppose practically all the available insurance companies are represented in Toronto? A. Absolutely - 95 out of 120 are under general agencies.
- Q. So if Mr. Littlejohn wanted to represent one of these companies, he would very likely find same class of carpany that you represent? A. Yes.
- Q. And the same difficulties? A. Yes,
- Q. As an insurance man, do you think it is feasible for Mr. Littlejohn to go out and secure agencies and capture the whole commission?

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- A. I do not think so. He would only be able to place insurance under companies that would give him a general agency, and then naturally he would have to broker it out. A lot of us would not think it was fair competition to take the business from me, and he would have a hard job to place that on a high rate.
- Q. The first difficulty would be getting a company?
- A. Yes, because they rely on us for their income.
- Q. In regard to improvements on the risk, it is always a question to the owner as to whether or not capital expenditure is justified by reasonof the prospect of reduced rates? A. It is a business proposition.
- Q. Wheths Tyou can so perfect your construction to justify reduced fire rates? A. Yes.
- Q. I suppose there is no difficulty in the Hydro securing expert advice temporarily on any construction they have under way from a fire rate standpoint?
- A. No, certainly; of course there are different.

 advices, like different lawyers.
- Q. There is no law to prevent us going and getting your advice on the construction of a building? A. No, except you have to pay me for it.
- Q. No difficulty in going to you or any other expert all the and getting/advice and expert information available and paying you cash? A. No.

commissioner R.A.Ross: I have been very much interested in this whole discussion, because it seems to be a new outlet for engineers. This involves not only insurance but engineering? A. Absolutely.

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Q. I think it is pretty good for engineers coming out of our colleges? A. Yes; after they fail in everything else they come into our business.

THE CHAIRMAN:

We have a letter from a Company
in Windsor who state instead of letting a Toronto company
have the insurance you should place/it with the
local men. From the Border Cities Fire α Casualty
Agencies: Our Local Association cannot see why they as
taxpayers should send their money to Toronto for insurance
when it can be just as well effected locally. From talking
with company managers, I can assure you, the companies
would be pleased to effect this insurance locally rather
than with Toronto brokers, and there would be a saving
with it in agents' commission?

MR.LITTLEJOHN I do not see how that can be worked out. All the insurance placed in Toronto carries 10% commission, and we do not get anything from those fellows up there. That is a letter dated sometime ago, I should imagine?

With Toronto brokers at the suggestion of Mr.Littlejohn, and any letters written from here addressed to the Hydro Electric Power Commission in Toronto objecting to the existing conditions, we believe are referred to Mr. Littlejohn for reply, and it is unnecessary to state that the replies are very unsatisfactory and non-committal! What have you to say to that? A. I guess that is right. Is that signed by W.J.Burns?

Q. Yes, the President? A. Yes.

You think he has ground for that statement?

- A. I think he is correct in the latter part of it.
- Q. Non-commital at any rate?

COMMISSIONER HANLY: And unsatisfactory to him?

A. Possibly so.

MR.LUCAS: Do any of them quote as low as 2%? A. This is principally on the rolling stock in the car barns.

THE CHAIRMAN: Why should not you look after these local men? A. I do help them out sme. We divide our new rolling stock with them when they ask for it. Q. That gives them an appetite for more? A. The main reason about it was they never stirred themselves one bit to give us any suggestions in regard to reduction of rates. Now, the concern in Toronto, as soon as they got it, they started in to ask us if they could not send up their inspectors. They did it, and after they got through, we made some alterations in accordance with their suggestion. Then the Fire Underwriters went up there, and we got a very substantial reduction, and we expect to get a lower rate. They reduced our rolling stock from 78% to 69, and we have \$500,000 in rolling stock, and with some little changes, they may be able to reduce a cent or so more. These fellows never stirred themselves or offered to do anything for us until we started.

Q. If they had done that, they might have got some insurance?

A. If they had taken an interest in trying to reduce our rate for us. The car barns were reduced from \$2.46 to\$2.04

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COMMISSIONER HANLY: That appears from what Mr. Woodland and Mr. McLean said, that these agents endeavour to get low rates? A. These fellows up there have not done a thing, and of course we do not give them all the business.

Q. You give the business to the men who do the work?

A. We do not give all. We give about half of it, and they do the work practically and made a great big saving

- Q. Didyou give the balance of the business to Burns?

 A. We give Burns some about nine or ten concerns up there.

 Q. Some really has not much of a kick? A. I do not think so.
- Q. In consideration of what he did to get it?

for us.

A. Then there was another thing bore on that: In regard to radial railways there; the idea was that/the radial railways were gone on with, we would have formulated a plan to take them all in and see how we could do the insuring for the whole bunch. The Mandwich, Windsor and Amherstberg Railway were insuring there, and then the Guelph Radial and the Peterboro Radial Railway, and the idea was to let it go along a little while until the plan had gone through, and there would be one plan to cover the whole thing. A. Is there anything you would like to say in reference to what has been said by Mr. Woodland and Mr. McLean? A. No, I think I agree with what they have said in regard to handling the insurance as it is now and from now on. Mr.McLean spoke about insurance on electrical machinery. At the present time, the policies only cover for damage done outside of the machine in which the fire originates. Now, the Canadian Electrical Association have been working

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for the last three months in connection with trying to get some data together in regard to fires in electrical loading stations throughout the country. They are taking it up all over the Dominion, finding out the experience,

the premiums paid and the total amount of insurance carried, for the purpose of going before the Canadian Fire Underwriters to get the adoption of that new clause so that when a fire starts in a machine, the first \$100 damage is left off and they pay the rest - there is \$100 deductable average. I was glad to hear Mr.McLean say that the Fire Underwriters here are looking into that.

MR .McLLAN: They have adopted it.

MR.LITTLEJOHN: They have not fixed the rate yet? A. No.

MR.LITTLEJOHN: There will be another meeting of the Canadian Electric Association on Tuesday in Montreal to see the result of some questionaires that have been sent out. I intend to go down to the meeting, the same as I did themeeting before, and see if we cannot get lower rates in that way. I have always asked the inspectors of the different companies and the Canadian Fire Underwriters' Association toget them as low as we could get them. I think the way I can earn my salary is to try and get reduced rates.

Q. You will have to do something now that the source of supply is cut off? A. Possibly we will have to appoint one of our fellows as a collector of insurance policies and get 5% on it. I could appoint somebody in the office to collect our premiums for the insurance companies.

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- Q. Do you think it is worth 5% to collect from you?
 - A. That is the limit under the Act.
- Q. Can they collect them from all the insurance?
- A. All of them

THE CHAIRMAN: I wouldlike to hear from the Chairman on this question.

MR.LUCAS: The Chairman went to Galt this afternoon.

THE CHAIRMAN: Perhaps you will get in touch with Mr.Bower, and let him know. The hearing on Monday is in regard to Ottawa. You can notify him to behere on Monday.

---Adjourned at 5 P.M. until 10:30 Monday morning, March 12th, 1923.

MARCH 12TH,1923. 10:30 P.M. RESUMED.

MR.LUCAS: With your permission (before the orders of the day have been called) I want to call your attention to the newspaper reports. This is the first occasion Hydro has called your attention to newspaper reports since your Commission has been sitting, I think, although there are many occasions when we might have called your attention to newspaper reports. I want to call your attention to certain newspaper reports as to the proceedings before you'on March 18th, when the matter of insurance was taken up. The Commission would not think'it worth while to callyour attention to this matter except for this:

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that your report later on will come, of course, and will deal with this in a logical manner and set out the facts, but that may not be for months and in the meantime this misleading heading goes out to the public and we cannot help but take notice of it. What I want to do this morning is to call attention to the misleading statement and inaccurate statement as to the effect of the evidence given before you on Friday last.

THE CHAIRMAN: As to the effect of the evidence?

MR.LUCAS: As to the evidence; there are two specific statements that I want to draw attention to, they are as follows: "The testimon y before the Commission on Friday", the Mail report says, "Revealed to the Commission that although the head of the Hydro Insurance had been a licensed agent and could deal directly with the insurance companies, he had instead dealt with agents, despite the fact that such course had been more costly by a matter of \$67,000" and then they head the article with a headline which says: "Hydro Lost \$67,000" by reason of that.

of course, Mr. Chairman, you know that is an entirely incorrect statement of the evidence. Only two expert witnesses were called and although pressed by yourself they both stated it was not feasible for the head of the Insurance Department to become __ a/general agent and earn the whole commission.

THE CHAIRMAN: He was an ag ent and Mr.Bonthron's evidence, I think, states that if he had dealt directly with the companies and received the full commission, according to Mr.Gray, approximately 26% would have been received and that is much more than he did receive.

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Whether he could have dealt with the companies directly would be largely a matter of opinion, because it was not decided. whether he might have been able to place it all with them as a general agent or not.

MR.LUCAS: The only evidence supporting this statement "The testimony revealed that the head of the Hydro insurance had been a licensed agent and could deal directly with the insurance companies" -

THE CHAIRMAN: He said so himself and he said he had not time to do it.

MR.LUCAS: You called Mr.Woodland and another gentlemen and they both told this Commission, and they were the only two insurance men called, in very plain language that it was not feasible for Mr.Littlejohn to secure a general agency and collect the whole insurance.

THE CHAIRMAN: They thought he might not be able to do that.

MR.LUCAS: The Only other evidence to support this statement of \$67,000 lost, is that the total commissions amounted to so much and that is a mathematical calculation and there is nothing to support the statement.

THE CHAIRMAN: I do not see why he could not have dealt with the companies; of course, you know there are agents who receive more than 26%.

MR.LUCAS: As far as any evidence is concerned, it was exactly the opposite; it is true your questions suggested they might have, but the answers were that they could not.

THE CHAIRMAN: Mr.Littlejohn said he might have.

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MR. LUCAS: He told you he was not an insurance man, he was a licensed agent and the two experts called by yourself said at was not fleasible.

THE CHAIRMAN: If he had pressed things and taken the whole commission then he might have been put out altogether and got nothing.

MR LUCAS: Mr. Woodland and Mr. McLean said they did not think it would be possible or feasible for him to secure agencies which would give him the whole commission.

THE CHAIRMAN: You know, Mr. Lucas, that Mr. Littlejohn could have dealt directly with the companies if he had
wished to do so. It might have been, as Mr. Woodland
suggested, that if he had doalt directly with them objection
would have been raised by the general agencies to his
placing business in that way, but you must remember
this, that the law about agents was only passed in
1922.

MR. LUCAS: You are wrong there, the law which made it illegal has been on the Statute Books a good many years, that is the Dominion law and we were negotiating with the Department prior to 1922 for at least a year and a half, they were calling our attention to the difficulties. What I want to call your attention to is that there was no testimony to support this heading. The testimony was the other way and it showed that we did very well, notwithstanding the legal technical objection, to get \$40.200.

THE CHAIRMIN: I think both agents/with strong disapproval on Mr. Littlejohn getting anything at all.

MR LUCAS: They both told you they could not have got a general agency, although our friends of the press intimate that we made \$67,000 less.

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THE CHAIRMAN: There was no evidence to show just what proportion a general agent gets and what a special agent gets. If you were in the insurance business you would know there are many who are not general agents who receive 25%, it would be a matter of opinion. You might draw a different conclusion from the evidence than the man who wrote that article.

FR.LUCAS: There were only two experts and they both said it was not feasible.

THE CHAIRMAN: I do not think they went as far as that; they said if he pressed for more he might not have got anything.

of the heading that is there, would have been that Hydro notwithstanding some legal technical objection had saved \$40,000.

COMMISSIONER HANEY: Illegally made \$40,000.

MR.LUCAS: Technical legal objections.

THIT CHAIRIAN: There was no svilence to show

just what proportion a general agent meta and what a special agent gets. If you were in the insurance business you would know there are many who are not general agents who receive 25%, it would be a matter of opinion. You might draw a different conclusion from the evidence than the man who wrote that arkicle.

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they both said it was not feasible.

THE CHARLESSI: I do not think they went an far as that; they caid if he present for more he might not nave got engthing.

MR. LUCAT: I think the proper heading, instead of the heading that is there, would have been that Hydro notwithstanding some logal technical objection had saved \$40,000.

COMMISSIONER HAMEY: Illegally made \$40,000.

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